FINANCIAL TIMES

No. 26,984 Wednesday June 2 1976 ***10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.50; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Ptas.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.

NEWS SUMMARY

GENERAL

Blast at London tube station

A small bomb exploded last evening in West London's Pimlico Underground railway station during the rush hour. No one was hurt and little damage was caused.

The bomb went off in a passage between the northbound and southbound platforms of the Victoria tube line. It had been spotted in a wooden box by a member of the station staff. The station was cleared and closed before the blast took place at 5.20 p.m.

Earlier yesterday, Mr. Alastair Burnet, former editor of the Daily Express, called the police to his home in Kensington, West London, after noticing Northern Ireland stamps on an envelope which had been re-directed from his Glasgow address. The envelope contained a letter bomb. Experts defused it.

Belfast bomb

In Belfast a bomb exploded in an antique shop near the centre of the City. Another device was found in a boutique.

Meanwhile, the Irish Government was poised to intensify its crackdown on the Provisional IRA following Monday night's death threat to law officers in the Republic.

The Dublin Cabinet is expected to arrange additional security for everyone connected with the controversial Criminal Law Jurisdiction Act.

16 injured in Frankfurt blasts

Anarchists associated with the Baader-Meinhof group are thought to be behind two bomb attacks in West Germany yesterday. Two bombs injured 16 people at the Frankfurt headquarters of the U.S. Army Fifth Corps. In Hamburg, a bomb found at the home of a senior judge failed to explode.

Israel concerned at Syrian move

As a second Syrian armoured column thrust into Lebanon yesterday, Mr. Yigal Allon, Israeli Foreign Minister, said Israel was seriously concerned and reserved the right to protect its interests. Al Fatah claimed that the force totalled 4,000 troops and 200 tanks. Back Page. Feature and Middle East news, Page 8

Frogmen seek missing family

Four police frogmen returned to shore last night after a vain two-hour search off Salcombe, Devon, for a mother and her three young children who have been missing for more than a year. Earlier an angler had encountered a heavy object and landed a woman's blue handkerchief. The frogmen will resume diving to-day.

Arms charges

Jersey-based company Technical Support Services, a subsidiary of Aviation Jersey, is to be prosecuted for alleged offences relating to the arms embargo on military equipment for South Africa, the State of Jersey Crown Office announced. Page 12

Drought measures

Water restrictions came into force in Nottinghamshire yesterday and the Severn-Trent Water Authority asked families to use only half the normal amount of bathwater. Users of supplies from North Derbyshire reservoirs are economising to help areas more seriously affected by the drought.

Briefly . . .

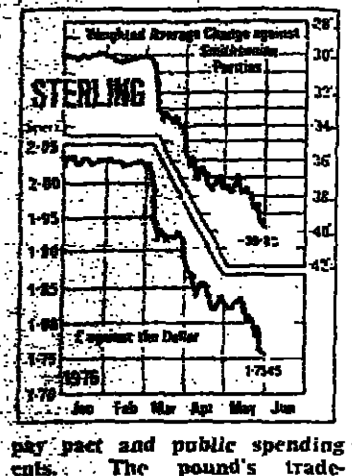
Oil rig, Deep Sea Driller, which was wrecked off Norway last March could have been saved had the rigmaster heeded weather reports, according to a Norwegian Government report. Exploration licences, Page 12

Epsom's Derby Day Tote jackpot pool is a guaranteed minimum of £10,000. Derby prospects, Page 2.

BUSINESS

£ at new closing low of $1.7545

● STERLING slipped to a new record low closing level of $1.7545, down 40 points on the day. Trading was quiet, with nervousness attributed to worries about prospects for the



pay pact and public spending cuts. The pound's trade-weighted depreciation widened to a record 39.8 (39.6) per cent.; the dollar's was little changed at 1.16 per cent.

● EQUITIES were hit as the pound continued to slide. The FT 30-share Index fell 7.4 to 373.0, after touching a low of 370.8 at 1 p.m. The close left the index down 47.8 from the year's peak on May 4. The Gold Mines Index put on 10.4 to 183.7 on hopes of a favourable outcome to the IMF gold auction.

● GILTS opened easier but tended to rally on yield considerations. Shorts closed with losses to ½, while mediums and longs recovered lost ground.

● WALL STREET was down 1.24 at 973.29 near the close.

● GOLD rose $1.75 to $127.625, in nervous trading ahead of the IMF gold auction.

● COMMODITY prices generally rose, with coffee and cocoa reaching new peaks. Page 31

● TUC LEADER Mr. Len Murray appealed to construction workers to support the proposed new pay pact. Miners' president, Mr. Joe Gormley, conceded that miners might come out against the pay pact in a secret ballot. Page 14

£400m. added to spending

● EXTRA PUBLIC SPENDING authorised between January and the end of April is expected to total more than £400m. this year—on top of prospective overspending by local authorities. Back Page

● OIL AND GAS exploration in the most northerly waters of the North Sea is to begin in 1978. Norway is likely to offer the first licences next year and U.K. companies are expected to be invited to take part in the search. Page 12

● ELECTRONIC CALCULATORS manufacture in the U.K. has received a reprieve with a decision by EEC Governments to suspend tariffs on certain imported components. Back Page, News Analysis, Page 13

● GLASGOW business trends survey gives grounds for cautious optimism, says the city's chamber of commerce. Page 15

● CO-OPERATIVE party MPs are expected to ask the Prime Minister for an assurance that any plans to nationalise the clearing banks do not involve the Co-operative Bank. Page 13

COMPANIES

● NORTHERN FOODS boosted pre-tax profits to £5.84m. (£2.97m.) on turnover of £98m. (£62m.) in the half-year to March 31. Page 20 and Lex

● AIR FRANCE, still embroiled in the financial difficulties which overtook world air transport with the energy crisis, made an operating loss of about £41m. last year, an improvement on 1974's £67m. deficit. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Barlow Rand	198	+ 11
Hongkong & Shanghai	317	+ 17
Jardine Matheson	345	+ 13
Philips' Lamp	970	+ 44
Shell Transport	448	+ 5
Anglo American	310	+ 14
Anglo Am. Gold	£24	+ 1½
Blyvoor	530	+ 40
De Beers Defd.	228	+ 7
Grootvlei	128	+ 18
President Brand	£14½	+ 1½
St. Helena	£16¼	+ 1
Tara Exploration	£14¼	+ ¼
Vaal Reefs	£16¾	+ 1
Western Holdings	£19	+ 1½

FALLS

Treasury 10½% 1979	£95¼	− 1
Assoc. P. Cement	182	− 6
Beecham	357xd	− 8
Boots	117	− 5
Bowater	193	− 8
"Bats"	360	− 5
British & Comnwlth.	189	− 7
Chloride	95	− 4
Dawson (James)	46	− 5
DRG	106	− 4
Electrocomponents	103	− 7
Fisons	362	− 8
Glaxo	375	− 10
Guinness Peat	183	− 8
Hambros	180	− 8
Howard Machinery	48	− 4
ICI	351	− 7
Land Secs.	148	− 5
Lloyds Bank	210	− 7
McCorquodale	190	− 20
Martin the Newsagent	134	− 6
Northern Foods	76	− 5
Royal Insurance	284	− 6
Smiths Inds.	125	− 6
United Biscuits	119	− 6

Cod war settlement could endanger 9,000 jobs

BY WILLIAM DULLFORCE IN OSLO AND MALCOLM RUTHERFORD IN LONDON

Mr. Anthony Crosland, Foreign Secretary, and Mr. Einar Agustsson, Icelandic Foreign Minister, signed here to-day a six-month agreemend ending the third cod war between the two countries. It allows an average of 24 British trawlers a day to fish within Iceland's 200-mile limit until 9 a.m. on December 2 of this year.

Preliminary estimates by the British fishing industry are that the settlement will put up to 60 trawlers out of service and cost about 1,500 sea-going jobs. Up to another 7,500 land jobs will be endangered.

A spokesman for the British Trawlers' Federation said: "We expected the worst. This is the worst. But that does not make it any more acceptable. The effect will be like 60 factories going out of business. This is a catastrophe for any industry."

Principal ports affected will be on Humberside, Fleetwood and, to a lesser extent, Aberdeen and North Shields.

The settlement was not unexpected and the fishing industry will judge the Government's performance on what it does now about the development of the European Community's common fisheries policy.

It has been known for some time that fishing grounds off Iceland eventually would be lost and the industry has been urging the Government to look ahead to the time when other countries and the European Community would have their own 200-mile limits.

Ideally the industry would like to see a Green or White Paper on fisheries policy which would allow it to plan. Government thinking has tended to turn more in this direction since Mr. Crosland, MP for Grimsby, became Foreign Secretary.

The rundown in recent years has affected not only the fleet off Iceland. In early 1974 there were 466 U.K. trawlers. Even before the Icelandic settlement the figure was down to 350 giving an active fleet of only 310. It is estimated that this contraction alone meant a permanent loss of 3,500 sea-going jobs.

The hope is that if Britain can secure a large part of the 200-mile zone around Britain for itself rather than having to share it with the Community, the industry may be able to start expanding. But the industry insists the Government must move quickly.

Invitation

After he signed the agreement Mr. Crosland indicated that the European Community may extend its own fishing limits before the conclusion of the UN Conference on the Law of the Sea.

After the Iceland agreement expires, British trawlermen's interests will depend on the EEC's fisheries policy. In an annexe to the treaty signed to-day, the British Government undertakes to invite the EEC to negotiate a long-term reciprocal fisheries agreement with Iceland. If such agreement cannot be reached [illegible] December 2, the Government will ask the EEC to make a [illegible] agreement for continued fishing by British trawlers.

Mr. Crosland underlined this shift of emphasis towards the EEC. He [illegible] indicated that Britain would seek to hurry up the EEC's [illegible] extension of its fishing limits.

Although [illegible] still believed that such a limit should be implemented only after general international agreement, Mr. Crosland said: "We realise that we and our EEC partners may also have to proclaim such limits to protect ourselves." The British Government would take the initiative on this in Brussels.

Revision of the EEC common fisheries policy would be a Government priority in the weeks ahead. Britain needed adequate exclusive coastal waters and would be resolute in pursuing its needs with its Common Market partners.

Among other statements designed to reassure British fishermen, Mr. Crosland promised an urgent study by the Government to see what help it could give the industry.

Continued on Back Page

Decline in manufacturers' stocks virtually halted

BY PETER RIDDELL

THE RUNDOWN in manufacturing industry's stocks virtually came to a halt in the first quarter after a record drop last year providing further evidence of the pick-up in the economy since last autumn.

The level of stocks regarded as a key cyclical indicator of the economy seems to have bottomed out rather sooner than the Government was assuming in its forecasts at the time of the Budget, so the overall recovery may be coming through earlier.

The implications of the first quarter capital spending figures, also published yesterday by the Department of Industry, are less clear since a 2 per cent. rise in investment by manufacturing industry compared with the last three months of 1975 largely seems to be explained by a high level of spending by the metal manufacturing industry and a sharp rise in new building associated with the mild winter.

The underlying tendency may be a slowdown in the rate of decline in investment or, at best, a flattening in the trend: the beginning of a pick-up are not indicated by the various investment intention surveys until the second half of 1976.

Indeed, depsite the slight rise in manufacturing capital investment between the quarters, spending in the first three months of 1976 was still running at 12½ per cent. below the seasonally adjusted figure for the same period a year ago. Moreover, investment in the distributive and service industries continued to fall sharply so that the total for industry as a whole showed a further slight decline compared with the last three months of 1975.

This trend is consistent both with what might be expected at this stage of the cycle and the evidence of the industrial production figures which show no turnround yet in the output of investment goods.

Puzzling

In contrast, stockbuilding and increased exports are expected to be the main components of the general upturn in the next 12 months. The key points here are a rise in work in progress of manufacturing industry of £18m. (at 1970 prices, seasonally adjusted) after a fall of £141m. in the preceding three quarters and an increase of £49m. in stocks of finished goods in the period.

However, a fall of £72m. in material and fuel stocks is regarded as rather puzzling for this stage of the cycle. While these are provisional figures, which have been subject to considerable revision in the past, manufacturers' stocks are generally expected to start rising soon.

The trend of retailing stocks is less clear since after a £55m. rise in the fourth quarter of 1975, there was a drop of £17m. in the first three months of this year. This may be explained by the erratic trend of retail sales over the period, in particular the build-up of stocks, partly involuntary, ahead of the extended January sales this year.

The balancing out of a drop in retailing stocks, a rise in wholesalers' inventories and a much smaller decline for manufacturers' is that the overall drop is the same for both in the fourth and first quarters—down £7m. in each case. While there is an element of caution in the official interpretation of these figures the underlying trend is regarded as encouraging.

Capital Expenditure and Stocks

£m. Seasonally Adjusted at 1970 prices

		Fixed Capital Expenditure: Total	Fixed Capital Expenditure: Manufacturing Industry	Changes in Stocks: Total	Changes in Stocks: Manufacturing Industry
1973	Q1	1,138	458	254	166
	Q2	1,057	443	277	88
	Q3	1,175	488	123	46
	Q4	1,166	476	179	96
1974	Q1	1,101	519	− 72	− 31
	Q2	1,086	513	261	191
	Q3	1,135	516	357	368
	Q4	1,132	539	134	139
1975	Q1	1,022	493	− 92	− 4
	Q2	977	457	−219	−112
	Q3	961	434	−173	−204
	Q4	903	424	− 7	− 66
1976	Q1p	896	433	− 7	− 5

p—provisional. Source: Department of Industry

Bank offers protection for some Thames Guaranty depositors

BY MICHAEL BLANDEN

THE BANK of England has stepped in together with the Portuguese minority shareholders in Thames Guaranty to protect some depositors in the company.

The Bank said in a statement yesterday that the scheme would be confined to "certain unconnected" depositors. It is expected that around 200 to 300 depositors holding about £500,000 with the company, will be affected out of a total of 450 depositors with deposits of nearly £3m.

The move is being made in conjunction with Credito Predial Portugues and Sociedade Financeira Portuguesa which each holds just under 20 per cent. of the capital.

It is similar to other recent situations in which the Bank has taken action to provide protection for depositors, including the stand-by loan facilities provided jointly with First Arabian Corporation for Edward Bates.

The Thames situation is complicated by other issues. The company is a small banking concern operating with a licence under section 123 of the 1967 Companies Act.

The Bank of England announced on March 24 that a petition for compulsory liquidation in respect of Thames had been presented by Sociedade Financeira Portuguesa and that Mr. W. F. Ratford of Peat Marwick Mitchell had been appointed special manager.

The Bank also said at the time that it appeared "there may have been material breaches of the provisions of the Exchange Control Act, 1947." A decision on whether to offer protection to shareholders was deferred.

In yesterday's statement, the Bank said that inquiries into possible breaches of the Act involving Thames Guaranty were continuing. But the Bank and the two Portuguese minority shareholders "have now decided that, to prevent unnecessary hardship, they will participate in a scheme for the protection tors in respect of deposits taken in the ordinary course of business."

The Bank added: "In each case, however, it will have to be established to the satisfaction of the Bank of England that the depositor has conducted his account in accordance with any relevant provisions of the Exchange Control Act, 1947."

It is also understood that a meeting of creditors has been called for to-morrow at which a fuller statement of the company's position is expected. Meanwhile, inquiries from depositors in relation to the scheme should be directed to Mr Ratford, the agent, at the company's offices

Harland & Wolff—new rescue bid

BY GILES MERRITT

UNDETERRED by clear indications from inside the British Government that further grants are not likely to be made to Harland and Wolff, Sir Brian Morton, chairman of the loss-making Belfast shipyard, is to press for discussion of a new plan to rescue the company when he meets Mr Merlyn Rees, Northern Ireland Secretary, on Friday.

Detailed proposals for Government-backed shipbuilding contracts, however small, to be funnelled straight to Harland and Wolff are believed to form the main part of the rescue plan put forward two weeks ago by Sir Brian.

Harland clearly was taken aback yesterday by Press reports that "the last slab of £60m provided by the Government has nearly run out" and that last week's vote by all ten Ulster Unionist MPs against the Government's shipbuilding nationalisation scheme prejudices chances of further funds.

Senior management stressed that £40m of the £60m, voted last year by Westminster has been spent.

'Hard'

But Mr Roland Moyle, Minister of State, who is responsible for commerce in Ulster, said that the £60m, aimed at keeping the shipyard at work on its loss-making order book until mid-1978 "will not last as long as we thought it would."

He added that although the Government has not taken a decision on Harland's future, a "hard decision" would have to be taken within the next few months.

While the yard's productivity has increased following the Christmas deadline set last October by his predecessor, Mr. Stanley Orme, it has not improved as much as was envisaged, Mr. Moyle said.

At that time Mr. Orme was reported to have demanded a doubling of productivity.

Bridge

The chances of the Government's accepting Harland's proposals for State-sponsored contracts to bridge the two-year gap between 1978 and the 1980s, when the worldwide shipbuilding market is anticipating a cyclical upswing, do not appear great.

But Harland's management apparently is determined to pursue the plan when Mr. Rees, who will be accompanied by Mr. Moyle, visits the shipyard on Friday.

Harland issued a statement

Continued on Back Page

Political dangers feared if yard closes, Page 18

Maritime Fruit may cancel tanker order

BY JOHN WYLES, SHIPPING CORRESPONDENT

MARITIME FRUIT Carriers, the Israeli-U.S. shipping group, still in a deep financial crisis, looks likely to deliver a fresh blow to Britain's troubled shipbuilding industry by seeking to cancel a £22m. oil tanker order at Scott Lithgow and remaining options on orders for four tankers placed with Swan Hunter.

MFC's inability to press ahead [illegible] terday after a meeting between the company's senior executives and its bankers. During the talks, Mr H. Struve Hensel, MFC's managing director, revealed that negotiations were under way on an injection of $15m. (£8.47m.) into the company from a new financial source.

It is thought that these negotiations may be completed within a fortnight and, if successful, the extra cash would, according to one MFC senior executive, "carry us through for quite a bit." MFC has told its banks—about 40 were represented yesterday—that its cash flow must be improved in order to carry through a radical slimming down operation, outlined at yesterday's meeting.

Against this background, and having defaulted on £12m bank debts and £7.5m. of supply and service debts, it has been agreed that MFC is in no condition to go ahead and build ships for which it has no use or charter.

The company has little choice but to take delivery of a Very Large Crude Carrier which is already on the slipway at Scott Lithgow, but will shortly seek cancellation of an identical sister ship whose building has been delayed because of uncertainties about MFC.

This is a blow for Scott Lithgow, which will try to soften the impact by exacting cancellation charges running into several million pounds.

Cancellation of the four options at Swan Hunter has been expected for some time and technically this move is still "under consideration." However, MFC is expected shortly to remove the options which are part of a batch of 13 placed by Swan Maritime, a company in which MFC has a 75 per cent. holding and Swan Maritime 25 per cent. Nine options were cancelled in February shortly before MFC's difficulties first became public.

MFC is also responsible for a large tanker on order at Belfast's Harland and Wolff and this was thought yesterday to have better prospects. MFC is apparently hopeful of finding a charter for this tanker, which is due for delivery in 1978.

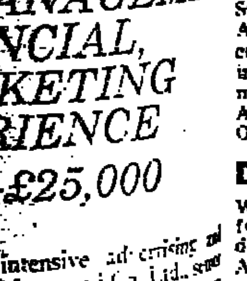
It emerged from yesterday's talks that a holding operation, which MFC predicted in April would be agreed with its banks, had not been as effective as had been hoped. This was because not all banks were happy with its terms and had decided against releasing charter hire payments which are vital for MFC's continued trading.

However, it was stressed last night that there was sufficient banking support for continued trading and that the company was in no immediate danger of failure.

However, Mr Hensel apparently emphasised the importance of improving the cash flow if a rationalisation and slimming operation were to be successful. Among the plans outlined yesterday were a closure of several overseas offices and sales of up to 15 of the 40 refrigerated fruit ships (reefers) owned or chartered by MFC.

MFC has already sold two reefers in the past month raising net $3.6m. to meet trade debts and operating expenses. But its operational difficulties have been underlined by the arrest of two of its ships in April on behalf of a Danish shipyard demanding payment of outstanding debts and by the arrest of another ship in Honolulu where creditors are forcing its sale on June 10.

For latest Share Index 'phone 01-246 8026



LOMBARD

A year after the referendum

BY C. GORDON TETHER

THIS WEEK we celebrate — if that is the right word — the first anniversary of the referendum through which the electorate signified that it wanted Britain to stay within the European Common Market. And the most pertinent commentary one can make is that, although this exercise was intended to end the controversy over the pros and cons of Market membership once and for all, the battle is still being continued as vigorously as ever and with no indications that it is going to be otherwise in the foreseeable future.

The explanation is not, of course, far to seek. The "Vision" of a Europe completely integrated in the economic, financial, social and political senses that emerged from the heady atmosphere of the summit conferences of the early 1970s is mocked by the story of the Community's evolution during the past year or two. For what this has demonstrated is that, even if the will to promote such togetherness still exists—and that is itself in a certain amount of doubt — the practical obstacles standing in the way now look so near to being insuperable as makes no difference.

On the shelf

Thus we have even recently seen the Germans, those arch-protagonists of the "United Europe" idea, insisting that there can be no hope of tackling the first major target of the integration programme—economic and monetary union—in a Europe racked by currency turbulence and widely differing rates of inflation. And since it looks as though we are going to continue to be afflicted by these phenomena for many years to come, the implications of what they are saying hardly need to be underlined.

The "Vision," in short, can be said to have been effectively consigned to the shelf for what seems likely to be a long stay. And that itself can be said to strike a considerable blow at the arguments for continued British membership adduced in the run-up to last year's referendum. For it was their contention that the general advance towards European solidarity would be the source of a sizeable part of the benefits arising from EEC membership that Britain would be able to set against the considerable cost of belonging to the club.

But that is far from being the end of the matter so far as the arguments for and against our own membership are concerned. Britain, according to pro-Market propaganda, could be expected to derive major advantages from membership of the EEC as it stood. Foremost among them—so it was said—was the right to participate fully in a market of 250m. and thereby clear the way for a decisive attack on the external payments malaise and other economic weakness that had dogged the country's steps since the end of World War II.

The reality has, of course, proved to be very different. And in this connection it has to be remembered that, while only a year has passed since the public voted its approval of the idea, British membership of the Community now dates back 3½ years.

Deterioration

In other words, sufficient time has elapsed to provide a reasonably adequate test of the validity of the rival projections as to what this step into the dark would or would not mean for this country. And the sad truth is that, to the extent that involvement in the Common Market can be held to have played a part in shaping our economic experience, it seems to have made things worse rather than better.

Entry into the "market of 250m." has been accompanied by a dramatic deterioration in our trading balance with other Community countries—which, in turn, has played a major part in keeping the British balance of payments weak and thereby materially added to the £'s vulnerability to international monetary turbulence. And, partly because of this, the other benefits that were supposed to flow from entry into Europe—a strengthening of the country's economic base, a heavy inflow of European investment and so forth, have been conspicuous by their absence.

There has, unhappily, been no comparable tendency for the costs of entry arising from support of the CAP and otherwise to refuse to make themselves felt. And that has inevitably meant that the contribution they have made to the perpetuation of both the demand-pull and cost-push forms of inflation has been that much harder for the U.K. to cope with.

All in all, British membership of the EEC has so far been anything but a success story and, in the light of these initial experiences, it is hard to see it ever becoming one. In such circumstances, it is only to be expected that the argument as to whether we should be in at all—or at all events on the present terms—rolls on. And the authorities would do well to take note of that rather than continue to behave as though—whether mistakes have been made or not—the subject cannot now be reopened.

RACING — BY DOMINIC WIGAN

Wollow cannot be opposed

FROM ANY angle to-day's Derby seems destined for the Italian-owned and ridden and English-trained *Wollow*. Although the Newmarket colt is an unoriginal choice I do not intend looking elsewhere for a clever answer.

Winner of his six races, Mr. Carlo d'Alessio's rangy Wolver Hollow colt has improved continuously, both physically and in performance since outclassing 15 moderate opponents in a maiden race at Newmarket last July, and his credentials mark him apart from the 22 others trying their luck.

The few judges opposing Wollow, who brought his winnings to just over £90,000 when outpacing Vitiges in the final furlong of the Two Thousand Guineas at Newmarket five weeks ago are doing so on one or more of three counts—his stamina, action or jockey.

On none of these scores does there seem much cause for worry.

Wollow, whose style of racing has always suggested that a mile and a half would suit him ideally, is more stoutly bred, if anything, than last year's hero, Grundy. With the ground still riding on the fast side of good it will be more than surprising if his stamina gives way in the closing stages.

His action, which that noted judge Captain Ryan Price believes will prevent him from acting on Epsom's tricky, undulating and cambered course, is certainly rather high. However, in none of Wollow's races has he given the impression that he is anything but a well balanced manouvreable colt.

Even if he fails to come down the hill quite as well as some of his rivals I feel confident that his speed will enable him to pick up any lost ground in the final, decisive, climb to the finish.

As far as Gianfranco Dettori is concerned there is, again,

EPSOM

2.00—Song of Songs
2.35—Ahdeek**
3.35—Wollow***
Oats each way
Norfolk Air each way
4.20—Mr. Nice Guy
4.50—Sauceboat
5.25—Yunkel*

RIPON

2.15—Speed Trap
2.45—Kafka
4.05—Marching On
4.35—The Ryles

apparently little cause for concern. Five times champion jockey in Italy, this unflappable son of a Sardinian bricklayer has become a top-class international jockey in recent years concentration, as does Lester Piggott on the major European prizes; while caring little for the championship in his adopted Italy.

Dettori, who has ridden Wollow in all his races, rides *Fool's Mate* an hour before the Derby in the Daily Mirror Handicap. He has been shown many films of the race by Henry Cecil and has proved on his many visits to other leading English courses that there are few, if any, better judges of pace.

For those wanting an each-way alternative to the favourite, I suggest *Oats* or *Norfolk Air*.

Oats, whom Pat Eddery has chosen in preference to *Illustrious Prince*, won cleverly when beating Navigator in Epsom's one-mile Ladbroke Blue Riband Trial six weeks ago. Norfolk Air also scored with plenty in hand when beating Black Sabbath by four lengths over to-day's trip at Lingfield.

A year ago *All Friends* sprung one of the major surprises of the season when running out a 20-1 winner of the Diomed Stakes. It will be interesting to see if the Upper Lambourn four-year-old can stage a repeat performance.

Although he seems sure to run his usual game race, I cannot see Paul Cook's mount coping with either *Sauceboat* or *Patris*.

Lester Piggott's mount Sauceboat, who defeated El Rastro strictly on merit in the Lockinge Stakes at Newbury before being relegated to last place for crossing inside the final furlong, could well have too much speed for the game Patris.

Whatever his fate on Sauceboat and the French-trained Empery whom he rates as his best Derby ride since he forced Roberto's head up in the final stride of the 1972 Derby, Piggott should have at least two winners.

His best chance probably lies with the course winner, *Ahdeek* among the runners for the Daily Mirror Handicap.

Bookmakers are depending on housewives' bets to break even

BY MICHAEL THOMPSON-NOEL

WOLLOW, the sizzling even-money favourite for to-day's Epsom Derby, so dominates the big race that it has lost virtually all of its puff. Defeat is unthinkable, and although total betting on the race may balloon to more that £13m., the big London bookmakers expect to break approximately even.

This is because their ante-post liabilities on the favourite will be counter-balanced to-day by a flood of housewives' money on some of the cutely-named no-hopers: Coin of Gold (100-1), Black Sabbath (50-1), Our Anniversary (150-1), Phleez (150-1) and Radetzky (50-1).

William Hill says it expects to take £2m.-plus on the race. Last night its liabilities on Wollow were £150,000, but they will evaporate this morning. The company has laid a £1,000 bet against Vitiges at 28-1, and two at the week-end, from the same French source, against No Turning totalling £58,000 to £2,000.

Hill's largest bet laid against Wollow so far is £8,000 at 5-2. In the middle of last winter the horse could have been backed at 14-1.

The Ladbroke Group expects to total £2.25m. on the Derby and the newly-renamed Coral Leisure Group should take between £1.5m. and £2m. "The Derby this year is not a betting medium," said a spokesman resignedly. "Wollow's seen to that. Yet we've had a lot of money for Oats, Empery—to be ridden by Lester Piggott—and Norfolk Air."

One Coral client has been laid £40,000 to £4,000 against the following treble: Wollow to win the Derby, Chris Evert to win the Wimbledon women's singles, and West Germany to take the European soccer championship. Clever chap!

Big-spending owners with runners in to-day's race include Nelson Bunker Hunt (Empery), Lady Beaverbrook (Relkino and Riboboy) and Capt. Marcus Lemos (Tierra Fuego).

But, at the end of the day, the glory should belong solely to Wollow and to his Italian owner, Carlo d'Alessio, a Rome lawyer who in the past two years has pumped a lot of money into bloodstock.

The investment has certainly paid. Wollow alone has already earned £90,305 in his six wins, and this afternoon should pick up the Derby's first-place cheque of £111,325 in something like a back canter. The horse cost 7,000 guineas as a yearling. By this evening his value should have moved to around £1.25m.

The *real* race will be for second place, which carries a prize of £30,000-plus.

GARDENS TO-DAY

Chelsea: still the best show on earth

BY ROBIN LANE FOX

ANOTHER Chelsea Flower Show has gone its way and even if you draw a clear line between plants for your garden and displays for a show tent, you must admit that it is still the best regular flower show in the world. My first visit this year was accompanied by two broadcasting professionals, who wanted a quick radio comment: the philosophy and basic concepts of a flower show had never struck me before as topics which even existed, but as I hurried apologetically from one green and white striped orchid to the next small saxifrage, huge questions bounced lightly off their lips. Can we relate the general Chelsea situation to the kind of attitudes found in Capability Brown? How does the basic philosophy here fit in with the kind of thing we should be trying to do? Could we concentrate on the kind of impact Chelsea makes on a gardener who stands back to take a detached view? Sore feet, jealousy and a profound sense of relief that neither he nor his neighbours have been tempted by those ghastly Daily Express gardens: these seem to me to be the first impressions. But no, they wanted to see that red Potentilla first, and then could we perhaps relate the effect once more to the basic design concepts of modern gardening?

Accepted ideal

Now, I happen to believe that there is not really a modern garden style of much importance, unless you limit gardening to a new use of pebbled terraces and timber seats. About 80 years ago, we began to use all the old and new garden plants in borders and woodland gardens. A fashion for fine leaves, even for silver leaves and green flowers, developed quickly. We have refined it and often improved it. Our combinations of different plants have become more varied and we have learnt how to use the "old-fashioned" rose. But the idea of a garden with a slightly formal plan, abundantly and informally planted and shading off (when space allows) into wilder orchard or woodland has settled down to become an accepted ideal. The many fine examples, some barely half an acre in area, encourage me to believe that we have hit on the most lovely style available. As it can be scaled down to suit the smaller sites, it cannot be bettered for those who want their gardens to be lovely. I like scent, masses of flower in June and July when the weather invites me to inspect the garden in the evening, a green lawn and as many bold leaves and alpine plants as can be fitted into that frame. I cannot relate to cast-iron, yards of hard-surfacing and a garden of modern architecture. Admittedly, I do not own a small town garden. But even there, I would prefer Sweet Peas and I would do anything to avoid the paving slab and the Hosta-Bergenia double act.

So Chelsea, for me, is a glorious chance to review whole banks of the best flowering plants and choose the colours and scents which will suit my limited aims most admirably. To hell with the kind of concept behind this year's large South African reproantique house which was filled with a few South African plants. I liked the pinks, the paeonies, especially the old white Duchesse de Nemours, the fact that the new Potentilla Red Ace was not really red, the orchids and the exhibit for the Orchid Society's 25th anniversary, the Harpers-Queen "moonlight" garden despite its awful lead mock bird and Chinese bridge, Mrs. Underwood's silver leaves from Ramparts Nursery, Colchester, Essex, Lord Skelmersdale's bulbs and small irises, arranged by his wife, from Broadleigh Gardens, Bishop's Hull, Taunton, the tall Mallows (more of these later) in the University of Reading's greenhouse exhibit and the table of alpines, not least the Lewisias and Saxifrage Southside Seedling, staged by Ingwersons of East Grinstead, Sussex; Blackmore and Langdon's Begonias remain astonishingly opulent, and the *fringed* varieties would make enviable pot plants. Most of these exhibits are hardy annuals at Chelsea, but they are none the worse for a second, or a twentieth look.

Smooth run

Reading University had merely sown the pink Lavatera Loveliness, a common annual, in pots and potted it on, clearly, one suspects, until it sprang up to a height of about four feet, in a most graceful funnel-shaped form. They admitted that it was better than ever before. But its shocking-pink single flowers were so gay and so surprising that it impressed me as much as anything in the tent. It could be sown now and potted on, eventually into a four-inch pot, preferably rather deep. You must never check it in its growth, be sure to transplant it and pot it on as soon as it is beginning to fill out its space. I am convinced, from many mistakes, that most annuals are like sprinters: once they start they must have a clear smooth run to the finish. Any obstacle upsets them beyond repair. Two of these tall buches of annual pink Mallow would look lovely on a terrace or in a hall. You could have 100 for 10p and the cost of the flower pots. The colour is pleasantly strong.

Otherwise, I fell for Allwood's show of Pinks, especially the longer-stemmed modern varieties which do seem to me to be more interesting than most of the varieties offered by Alpine nurseries. Why have we been so reluctant to fill our gardens with anything more than the good double white Mrs. Sinkins or any of the single pink-eyed varieties from ordinary lists? Alice, for example, is a favourite Chelsea variety, yet I never see it in a garden. Its double flowers of white and chocolate-purple are "old fashioned" if that title attracts you, and it is thoroughly hardy. London Lovely and London Brocade are almost more beautiful; the chocolate colour being more prominent in each. I have never had any trouble from my plant of each of them—they increase so freely from cuttings that it is a waste to buy several. But it has required a visit to Chelsea to persuade me that these hybrid Pinks are worth massing and that they should be given more space than any other summer edging plant. Their smell is heavenly.

Pleasant contrast

Harpers and Queen, it seemed to me, had gone as far as Chelsea allows in answer to those fatuous questions about Chelsea and Capability Brown. Of course Brown would have found a flower show curious. He planted trees, not flowers. But here, to the plan of Vernon Russell Smith, was a design which came close to showing a modern garden of flowers at its best. White and pale yellow flowers stood out against a cleverly designed background curve of water, surmounted by marvellous bamboo and a rather less marvellous Chinoiserie bridge. Cutting out the chi-chi extras, you would be left with a handsome match of large-leaved bog plants and pale flowers: the white Rose Pasquali was exceptionally well shown and a pleasant contrast was contrived between formal beds in the foreground, planned for scent and herbs, and the wilder background round the water. Planting plans can no doubt be sent to latecomers from Harpers, Queen, Chestergate House, Vauxhall Bridge Road, London, S.W.1. There is also a bargain offer of good shrubs and ground-cover plants from the garden's varieties, well chosen but not really very cheap. The ground plan, though, is well worth a look, and if you start with a blank 40 feet by 70 feet plot and the money to dig a pond, you might well like to suit its outlines to your needs.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 1.30 p.m. Mary, Mungo and Midge. 1.45 News. 2.55 Pobol y Cwm. 3.25 Day and Night. 3.58 Regional News (except London). 4.00 Play School. 4.25 Huckleberry Hound. 4.30 Jackanory. 4.45 Star Turn. 5.10 Seven Little Australians. 5.40 The Wombles.
5.45 News.
6.00 Nationwide.
6.50 Sportstown.
7.25 The Osmonds.
8.10 Survivors.
9.00 News.
9.25 Sportsnight.
10.25 The Best in the Ballroom: Annual presentation of the Carl-Alan Awards.
11.00 To-night.
11.35 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—5.10-5.30 p.m. Tuktu. 5.30-5.40 Crystal Tipps and Alistair. 6.00-6.50 Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 Pobol y Cwm. 7.40-8.10 The Urdd Eisteddfod. 11.35 News and Weather for Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 11.35 News Summary and Weather for Scotland.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University.
10.35 Nai Zindagi Naya Jeevan.
11.00 Play School.
5.00 p.m. Open University.
7.05 I See What You Mean.
7.29 Weather.
7.30 Newsday.
8.00 Gardeners' World.
8.25 Sing Country.
9.00 The Country Game.
9.25 The Enemy Within.
10.35 Rutland Week-end Television.
11.05 Newsnight.
11.20 Closedown: Robert Powell reads "Grey Squirrel: Greenwich Park," by C. Day Lewis.

LONDON

10.00 a.m. Inner Space. †10.25 The Saint. 11.15 Cartoon. 11.20 Skippy. 11.45 Larry The Lamb. 12.00 Here Comes Mumfie. 12.10 p.m. Mr. Trimble. 12.30 Three Little Words. 1.00 First Report: News, FT index. 1.20 Lunchtime To-day. 1.30 Racing—ITV Seven from Epsom and Ripon. 4.50 Westway. 5.20 The Flintstones.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 Whicker's World — Down Under.
8.30 Dangerous Knowledge.
9.00 Luke's Kingdom.
10.00 News.
10.30 Jack Parnell and the Big Band Show.
11.00 Hello Cheeky.
11.30 Wrestling.
12.00 What The Papers Say.
12.15 a.m. For Life.

All ITV regions as London except at the following times:

ANGLIA

10.00 Halas and Batchelor Cartoon. 10.15 Arthur. 10.40 Tell Me Why. 11.10 Tarzan. 1.25 p.m. Anglia News. 5.20 Survival. 6.00 About Anglia. 12.00 The Big Question.

ATV MIDLANDS

10.30 a.m. Wait Till Your Father Gets Home. 10.55 Untamed World. 11.20 Ouch! 11.45 Woody Woodpecker. 1.20 p.m. ATV Newsdesk. 5.20 ATV Today (including Junior Police Five. 6.00 ATV Today II.

BORDER

10.45 a.m. Animated Classics. †1.20 p.m. Border News. 5.20 The Partridge Family. 6.00 Border News and Lookaround. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show with Salena Jones. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Arthur. 6.00 Report at Six. 11.55 News and Weather in French followed by Epilogue.

GRAMPIAN

10.35 a.m. Regional Flavour. 22.05 The World of Jason King. 1.20 p.m. Grampian News Headlines. 5.20 Batman. 5.45 Police Newsroom. 6.00 Grampian Today. 10.30 Hello Cheeky. 11.30 Jack Parnell and the Big Band Show. 12.00 Evening Prayers.

GRANADA

9.30 a.m. Sesame Street. 10.30 Pacific-Pacific. 11.20 Catch Kandy. †11.40 The Three Stooges. 1.20 p.m. This Is Your Right. 5.15 Take Kerr. 5.20 Crossroads. 6.00 Granada Reports. 6.30 University Challenge. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show. 11. 0 What The Papers Say. 11.45 Wrestling.

HTV

12.30 p.m. Winner Takes All. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 4.50 The Ghosts of Motley Hall. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Three Little Words.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 6.01-6.15 Y Dydd. 10.30-11.00 Eisteddfod Genedlaethol yr Urdd 1976.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.05 a.m. Feature Film: "Young At Heart" starring Doris Day and Frank Sinatra. †1.25 p.m. Road and Weather Report. 5.20 Pipet and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 12.00 Late Call.

SOUTHERN

10.00 a.m. "Bonnie Prince Charlie" starring David Niven and Margaret Leighton. 1.20 p.m. Southern News and Weather. 5.20 Foghorn Leghorn. 5.25 Crossroads. 6.00 Day by Day. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show. 12.00 Southern News Extra.

TYNE TEES

10.30 a.m. Starting Point. 10.35 Ed Allen Time. 10.55 Rex the Dog. 11.00 Curly and Coconut. 11.10 Make a Wish. 11.30 The Galloping Gourmet. 1.20 p.m. Lunchtime News and Lookaround. 5.20 Skippy. 6.00 Today at Six. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show. 11.30 The Protectors. 12.00 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.48 Ulster News Headlines. 5.20 Fantastic Voyage. 6.00 UTV Reports.

WESTWARD

10.25 a.m. Atomic Juggernaut. 10.45 Focus on Wildlife. 11.10 Randall and Hopkirk (Deceased). 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Arthur. 6.00 Westward Diary. 11.55 Westward Late News. 11.58 Faith for Life.

YORKSHIRE

10.35 a.m. Ed Allen Time. 10.55 Cartoon. 11.05 Marco Polo. 1.20 p.m. Calendar News. 5.20 Calendar. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including this week's new Top 30 discs and 12.30 p.m. Newsbeat. 2.02 Ed Stewart (S) (also on VHF) including commentary on The Derby at 3.35. 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Simon Bates (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Ed Stewart (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45 Sports Desk. 3.20 The Derby. 4.30 Waggoners' Walk. 4.45-5.00 Racing from Epsom (1500m only, also 202m Scotland). 4.45 Sam Costa (S) (VHF only until 5.00) including 5.45 Sports Desk. 5.45 Sports Desk. 7.02 The News Huddlines starring Roy Hudd. 7.30 Sports Desk. 7.32 The Story Behind the Song. 8.02 Two in Mind (S). 8.0 Sing Something Simple (S). 9.02 Command Performance (S). 10.02 Sports Desk. 10.05 Words and Music The Songs of Harold Arlen (S). 11.02 Jean Challis with The Late Show (1500m only, also 202m Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Your Midweek Choice, part 1: Mozart, Beethoven (S). 8.00 News. 8.05 Your Midweek Choice part 2: Janacek, Dvorak, Schubert, Schumann (S). 9.00 News. 9.05 This Week's Composer: Weber (S). 9.45 Organ Recital (S). 10.40 Richards Piano Quartet (S). 11.25 Words. 11.30 From the 1975 Bratislava Festival Szollosy, Bartok, Schumann (S). 1.00 p.m. News. 1.05 Concert Hall: Haydn, Fauré, Schubert, Respighi (S). 2.00 Matinee Musicale (S). 3.00 Welsh Chamber Music (S). 3.45 19th Century Music (S). 5.00 Choral Evensong. ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Language and Communication. 7.30 Handel: "Judas Maccabeus" from Wells Cathedral, part 1 (S). 8.20 Interval Reading. 8.25 "Judas Maccabeus," part 2. 9.15 Interval Reading. 9.20 "Judas Maccabeus," part 3. 10.00 Scientifically Speaking. 10.50 Hugh Wood concert (S). 11.05 The Arts Worldwide. 11.20-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 The Joyous Adventures of Aristide Pujol by William J. Locke, part 1. 9.00 News. 9.05 The Living World. 9.35 Finger on the Pulse. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Round Britain Quiz. 11.30 Thirty Minute Theatre (S). 12.00 News. 12.02 p.m. You and Yours. 12.27 Brain of Britain 1976. ‡12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Will Hay: Master of Comedy. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Twenty Questions. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 It's Your Line. 8.30 No Time on Our Side by James Follett. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Now the Moment We've All Been Waiting For. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Tony Fish with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 In The News. 4.32 Richard Vaughan with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Quest. 8.30 Soul 77. 10.03 Tony Blackburn's Late Night London. 12.00-12.05 a.m. As Radio 2 until Closedown.

London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London Today. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 The Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,094

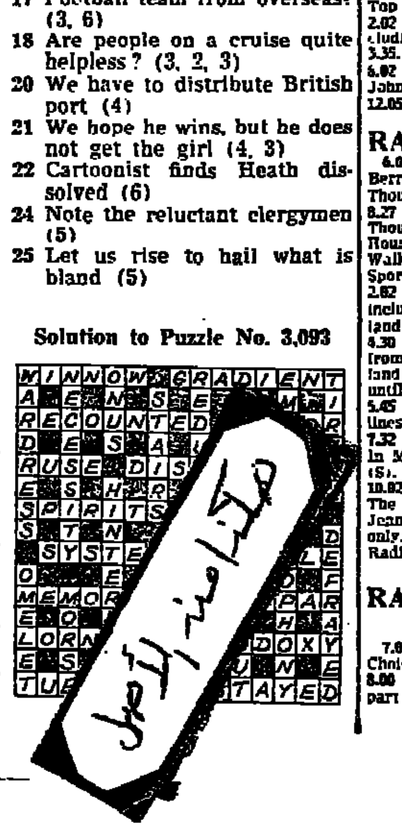
ACROSS

1 He may be ugly, but he is always right (8)
5 Preserved in alcohol? (6)
9 He no longer gathers the taxes (8)
10 Herb follows account increase (6)
12 Parts of small loaves, we hear (5)
13 Be offended with an eye to marriage (4, 5)
14 An account book shows the keenness between left and right (6)
16 Possibly not game for a big explosion (7)
19 Youngster takes in tangled yarn as a rope handle (7)
21 Hurried off like Orion (6)
23 Innocents in musical comedy (9)
25 The stuff to give a Russian (5)
26 Reels with Kitty aboard (6)
27 "What of the —— Will and its design?" (Hardy) (8)
28 Familiar with a reception (2, 4)
29 Requisitioned what is serrated (8)

DOWN

1 Frolics found in sauce (6)
2 Later snub for a commissioned officer (9)
3 Disregards orders about it (5)
4 Extortioner, formerly on the stage (7)
6 Coy messenger for Russian port (9)
7 Run up the motorway with a famous athlete (5)
8 If up, it means glad rags; if down, a reprimand (8)
11 "—— milk masquerades as cream" (Pinafore) (4)
15 There is nothing to be lost in such a contract (5, 4)
17 Football team from overseas? (3, 6)
18 Are people on a cruise quite helpless? (3, 2, 3)
20 We have to distribute British port (4)
21 We hope he wins, but he does not get the girl (4, 3)
22 Cartoonist finds Heath dissolved (6)
24 Note the reluctant clergymen (5)
25 Let us rise to hail what is bland (5)

Solution to Puzzle No. 3,093



ENTERTAINMENT GUIDE

OPERA AND BALLET

COLISEUM. 836 3161. Until July 17. NUREYEV FESTIVAL. Rudolf Nureyev will dance at every perf. Eves. 7.30 Mat. Sats. 2.30. Until June 19: London Festival Ballet. The Sleeping Beauty, with Ruanne/Nureyev. June 22 to July 3. Nureyev and Friends. July 5 to 17: The Scottish Ballet.

THEATRES

GLOBE THEATRE. 01-437 1592. Evenings 8.0. Sat. 5.30 and 8.30. BARRY HUMPHRIES in HOUSEWIFE SUPERSTAR!!

GREENWICH. 858 7755. Evenings 7.30. Mat. Sat. 2.30. DENHOLM ELLIOTT, PETER WOODTHORPE and ELEANOR BRON in HEAVEN AND HELL—Two

THEATRES

ROUND HOUSE. 267 2564. Mon.-Thur. 8. Fri. at 6 and 9. Sats. 5 and 8.30. Extended through June. Extra Performance Sunday next FRIDAY at 6 ONLY. All seats at £1.50. "NOBODY SHOULD MISS" Gdn. LA GRANDE EUGENE "EXQUISITELY EROTIC." Obs.

CINEMAS ARE CONTINUED ON PAGE 16

Jeannett Sterks, Gordon Jackson and Barbara Windsor in 'Twelfth Night' which opened last night at Chichester Festival Theatre

Television

The sitting-room market

by CHRIS DUNKLEY

There is a series running on ITV at present that's got very nearly everything: an all-star British cast, excruciating mystery, catchy music, and good jokes. What's more, there are several episodes every week *and there has never yet been* one that was too long. There is only one drawback: you can never be sure when the next episode will be screened because *TV Times* does not list them (though episodes are repeated several times so that you can be fairly sure of catching them all eventually).

TV Times gives no listing *because this is the Humphreys* saga, and the Humphreys are—well, the whole point is that nobody knows exactly *what* they are, but anyway they appear—or rather they *don't* appear—in a brilliant series made by Mindel and Stone for Boase Massimi Pollitt. And Boase Massimi *Pollitt had them made for* Unigate. They are milk adver*tisements*.

Since nobody I ever met could tell the difference between one brand of cow's milk and another, and since even this campaign does not claim that there is any difference, the idea of trying to promote branded milk sales (as distinct from promoting milk consumption universally with the familiar "Pinta" campaigns, or the earlier "More Than A Drink—A Food" series) seems a most curious one, but that is not really my concern.

Regarding the technical efficacy of the Humphreys campaign, *it may be worth noting* that it has actually managed to *insert into my consciousness the* phrase "Your Unigate milk" *which is no small achievement* considering that the brewers have been trying for years to do something similar and for years have been failing totally. "Which pint thinks it's a quart?" says a cryptic entry in my notebook, and for the life of me I couldn't tell you.

Yet as I am never likely to walk into a shop and say "Two pints of milk please—oh, and make sure they're Unigate" (did anyone ever do such a thing?) even the unusual achievement of having slipped the brand name into my memory seems a somewhat academic victory for the *producer, and is, again, of little* concern to me.

What does concern me is that some of the commercial campaigns nowadays seem at least as entertaining as the programmes, and in some cases—such as this Unigate milk series—better.

It is quite a time now since the first Humphreys campaign was transmitted. That introduced the notion of the mysterious little beings who sneak up on the unwary and syphon off their Unigate milk through candy-striped straws, the straws being the only evidence that we have *ever seen of their existence*. After that campaign there was *a hiatus, and now we are being* treated to part two in the saga "Get more milk, they're on the attack: watch out, watch out, watch out, watch out cos the Humphreys are back!"

We have seen the milk in Spike Milligan's bedside glass being silently drained away, Barbara Windsor has been threatened—finally with over exposure because the Humphreys are sucking busily away at her bath of Unigate milk, and Arthur Mullard has been staring down *at the line of straws marching* along the bottom of the screen *and exclaiming* "Blimey! I never knew they looked like that! *They're sort of—" but at this* point a candy-striped music hall *hook has whipped him off screen*.

Presumably people like Milligan, Windsor and Mullard don't come cheap but one of the *cleverest aspects of this cam*paign has been the way that the more expensive productions have been interspersed with what look like the world's cheapest commercials: marching straws, the familiar jingle, and the words of the song captioned against a plain background.

*Another of its unusual prop*erties, and one which I suspect advertisers and agencies must spend a lot of time and trouble developing is that of "repeatability." A *very large* number of commercials lack this charac*teristic entirely, and consequently* tend to become repellent rather than attractive.

After seeing the crash-helmeted beer drinker climb to the top of his mountain just once, for instance, the feeling aroused by the start of every subsequent viewing is of anticipated anti-climax; we know that when he reaches the top, instead *of admiring the view or breaking* out the vintage Champagne, he will simply make straight for the *button and the pub on the other* side. Why not drive round in the first place?

Dunn and Co. are, for some obscure reason, advertising themselves as *the outfitting* chain whose assistant cannot find in an entire shop a single suit for George which meets with wife Mavis's approval. Just why this is supposed to be a good thing is never made clear. It is a commercial which can hardly bear one viewing let alone repeated viewings when you already know the "twist" ending.

Wills' Castellas make the error *of asking a rhetorical question*, always a sure way of inviting ridicule in the privacy of a million homes and—when the *rhetorical question is repeated* time after time—competition to see who can supply the most fitting new riposte. "They used to say 'A Castella for the price of a pint'" announces this *tremendously sincere, tremend*ously ordinary guy in this tremendously run-of-the-mill pub. (Can't afford a plutocratic image for the cigar in these days of such cancerous troubles for baby brother cigarette.)

Who used to say so? My friends aren't in the habit of saying *things like that*. Are yours? Of course not. If it was Wills who said so, well they would wouldn't they? But even worse is the pay-off: "Still less than the price of a pint—need we say more?" to which there are a *great many replies, starting with* "Yes, why don't cigar packets carry a government *health warning*?" and, after the fifth repeat, "No—don't say anything at all."

There are other campaigns which encourage a determination never to buy the named product: what is one supposed to make of "*Good old-fashioned new Palm*olive"? Or Hartley's "New" *Jam whose title fights so hard* against the image of the tradi*tional rural idyll which the com*mercials strive so hard to convey?

On the other hand there are some which are valuable for the information they provide regarding a product or service about which one was previously ignorant, though they are very few and very far between. In the six *or* seven weeks that I have been taking special note of the ads *I have seen just two*: one for the new Black and Decker circular saw, and one for General Accident's car insurance policy which apparently provides you with a free hire car for up to a fortnight if—like John Cleese (and even seeing him in a commercial is better than not seeing him at all; he invokes a Pavlo*vian laughter response nowaday*s no matter what he does)—yo[u] crash your own.

But the main value of th[e] commercials is in the entertain*ment content of the better serie*s. Nelson and his officers, and th[e] *sheriff and his posse, being urge*d when dazzled by the sunshine t[o] "*Break out the Foster Grants!*" is all good giggle-making stuf[f] apart from being a natural serie[s] for this medium since it ca[n] suggest vividly the "before an[d] after" effects of wearing sun glasses.

The Woolwich Buildin[g] Society's completely new loo[k] *replacing bastion like defenc*e pictures with comedy scenes suc[h] *as the shop steward shoutin*g "Are you with us brothers?" and the men roaring "No—we'r[e] with the Woolwich!" (and the[m] falling about in mirth) is cer[-] tainly an initial success thoug[h] it is too early to say whether [it] has the miracle ingredient, re[-] peatability.

It is Levi Strauss who have h[it] on what I believe must be th[e] *next big commercials wav*[e] however: *after* "It's NEW an[d] *modern and trendy*" and "It'[s] old fashioned and countrifie[d] *and pure*" and *the recent lud*icrous combination of the two—"*It's new and trendy and ol*[d] fashioned"—Levi's have di[s]covered the early sixties.

They are using the Shangri-Las 1964 million-seller son[g] "Leader of the Pack" to se[ll] denim jeans, *and all of us wh*[o] grew up on high school/bubble gum/talking blues/Spector-sound pop are reliving our gloriousl[y] misspent teens and vowing t[o] go out and buy another pair o[f] the copper-riveted wonders.

Sheer enjoyment . . .

Shaw

Little Red Hen

by B. A. YOUNG

The eponymous hen is an old Glaswegian lady who has devoted her life to work for the *Socialist* Party, and the theme of the play is that Scottish independence will never work under a capitalist government. Fans will recognise it at once as a product of the 7:84 Company, written *and directed by John McGrath*.

John McGrath is our great master of political theatre, and although I happen to disagree with most of what he wants to *teach us I seldom fail to enjoy* his plays. This one I enjoyed *more than most because to the* life, the fun, the sentiment, the *swinging songs there is added* for me an element of nostalgia. The play deals mostly with the days of Maxton, Maclean, Gallacher and Wheatley, and though such men were bogies to me when I was at school they were part of the romantic landscape of the day.

Romance is not excluded from Mr McGrath's picture. He *ingeniously has the Hen played by two people. Elizabeth* Maclennan as an old lady and *Virginia Stark as her grand*daughter, an incipient SNP member; and Miss Stark represents Miss Maclennan in the scenes of the old times. Nine players take 25 parts, also provide music from the side of the stage. Little attempt is made at likenesses; the personifications *are as it were spiritual carica*tures, for the most part pretty *sharp, though Allan Ross clearly* has no idea what George V was like.

The production is a portabl[e] one, *none the worse for tha*[t]. From four magic boxes and [a] screen, *Allan Ross (as designe*[r] this time) can conjure a cit[y] hall, a tenement sitting-room, the House of Commons or a[n] open air meeting in a fe[w] seconds. This kind of theatre [is] so often done badly that it i[s] *like a breath of fresh air to en*counter it done so excitingl[y]. *Politics aside, it makes a gran*[d] evening.

'The Erik Satie Show'

The Erik Satie Show (or Memoirs of an Amnesiac) will open at the Greenwood Theatre London, SE1, on June 16 and run *until Saturday, July 3*.

The production, devised and compiled by John Cumming and Roger Savage, is entertainment with music and dance based on the life and ideas of the French composer, Erik Satie. It is a multi-media production using acting, music, film and slides.

International Poetry Festival

The Ninth Internationa[l] Sound-Poetry Festival will b[e] held in London at the Nationa[l] Poetry Centre, 21, Earls Cour[t] Square, S.W.5, *from June 3 to* [...]

A pass to all events durin[g] the six-day Festival is £1.7[5] (Poetry Society members £1.00). Weekday events are 40p (members 20p), Saturday is 80p (40p) and Sunday is 50p (25p).

Richard the Third?

by ELIZABETH FORBES

Richard Strauss by Michael Kennedy. Dent. £3.95. 261 pages

Several books in English have been published during the past 15 years on Richard Strauss — William Mann's study of the operas, Norman del Mar's three-volume critical commentary, Alan *Jefferson's* book on the songs, George Marek's "Life of *a non-hero*," *as well as the trans*lation of the *Strauss-Hofmanns*thal *correspondence* spring immediately to mind — but a compact, comprehensive and impartial work on the composer, addressed to the *average* music-lover (if such a beast exists) has so far been lacking. This new volume in the admirable Master Musicians series goes a long way towards filling the gap. Michael Kennedy's book is certainly compact, and astonishingly comprehensive for its size, but it is not exactly impartial: the author is nearly as prejudiced in favour of his subject as Marek was against him, though Kennedy presents the *evidence* on both sides of such controversial questions as the composer's attitude towards the Nazis a great deal more fairly. Despite *Ein Heldenleben*, Strauss was *demonstrably no hero*, but if that is a crime, how many of us *are not guilty*?

Any possible reservations apply only to the *Life*: as far as the Works are concerned, Kennedy can hardly be faulted. He is particularly persuasive in his descriptions of the later operas — those written after *Die Frau ohne Schatten* — which have usually received harsh critical treatment in this country, though two generations of British Strauss enthusiasts have made *the annual* pilgrimage to Munich in order to "collect" these operas and *several of them* — *Arabella* at Covent Garden, *Intermezzo* and *Capriccio* at Glyndebourne — have had popu*lar successes* here.

Kennedy is equally discerning on the tone-poems and other purely orchestral works, while his chapter on the songs, though necessarily brief, is enthusiastically helpful. One finishes the book with a feeling that perhaps Richard the Third, as Strauss was nicknamed, did after all deserve the sobriquet of Richard the Second, unbestowed out of respect and reverence for Richad the First — that is to say, Wagner.

British Museum building operations

During the present building operations at the British Museum, the Greek and Roman Department will be moving to temporary quarters near their present offices; and for about two years from now will only be able to offer a restricted service to scholars and members of the public. Anyone wishing to visit the Departmental Offices should *telephone or write first*.

In the Greek and Roman *Galleries, it is regretted that the* building work has made it neces*sary to close Rooms 1 and 2 for* the time being.

FVS folk art prizes

The European Prize for Folk Art, created by the FVS Founda*tion, Hamburg, worth* DM20,000 (about £4,300) has been awarded *for 1976 in equal shares to an* Italian, a Scottish, a Serbian and a Slovak *group by the* inter*national jury under the chair*manshsip of Dr. Robert Wildhaber, Basle (Switzerland).

They are the Aria di Casa Nostra from Alatri, the Piobai*reachd Society of Edinburgh*, the folk art society, Liptovske Sliace *from northern Slovakia*, and the folk group Crnucanka.

Rubinstein at the Wigmore Hall

by DOMINIC GILL

Seventy-five years ago yesterday evening, the Bechstein Hall in Wigmore Street opened its doors to the public for the first time for a recital shared by Ferruccio Busoni, who played Brahm's Paganini Variations and Beethoven's *sonata op.109, and* Eugène Ysäye, accompanied by Busoni, and by a talented young pianist of 22 called Hamilton Harty.

From that day on, Colcutt's comfortable auditorium of 540 seats, all plush, mahogany, marble and alabaster, renamed in 1917 after the street it stands in, quickly became, and still remains, one of London's best-loved recital halls: host to all the *greatest names before and* between the wars, as well as *traditionally to Miss Amanda* Tyddesworthe-Smythe making her first and last appearance on the public platform—and latterly also to an increasing number of musicians, established artists as well as newcomers, who find in Wigmore Street an attractive refuge from the wood-and-concrete wastes, with wood-and-concrete acoustics to match, of the South Bank.

With all the great artists *from the early Wigmore days* whose pictures hang on the wall *backstage — Caruso, Melba*, Prokofiev, Casals, Elisabeth Schumann, *Supervia, Gieseking*, Fischer, Backhaus, Schnabel, *Rubinstein, Rakhmaninov* — our living link is Rubinstein. No more apt, more obvious, more natural choice that he should return, as he did on Monday, 64 years to the month after his Wigmore debut on May 1, 1912, to inaugurate the anniversary series.

It was an occasion made still more poignant by the news, so long expected but difficult, impossible to accept, that Rubinstein's recital was probably his last in Britain, possibly his last recital anywhere. But if it was a farewell, it was no swansong—a full-length programme, rather, of heroic proportions, flawed in parts, but never less *than bold, strong* and eloquent, a memory to *cherish of one of the greatest* and most universally loved *musicians of our age*.

He began with Beethoven's E flat sonata op. 31 No. 3, warming slowly (as he ever has) to the music—a tough, pungent performance, the finale *con fuoco* delivered with the strength *and arm weight of a very fit* young man of 25. In Schumann's *Carnaval*, Rubinstein characteristically spurned indulgence in any sort of special effects, special tricks, but projected each scenario with honest, careful fidelity—for all its occasional technical shortcomings, a *remarkable account*, galvanised with astonishing reserves of energy in the *Davidsbündler* march, stretched taut as a drumhead right to the point of the last, wholly forgivable, splashed final chord. The special effects were the more searching for their economy of use: a sudden *ray of the deepest tenderness* in *Chiarina* and *Aveu*; an electrifying hush at the move, in the *Davidsbündler*, to *piu vivo*.

His account of Ravel's *Valses nobles et sentimentales after* the interval was bold and brassy, *swirled into dance* with marvellous confidence, shot *through with flashes of delicate*, wistful poetry. He finished—how could Rubenstein finish otherwise?—with a Chopin group: an F minor Etude op.25, every note of whose triplet melody, rather slowly, almost deliberately, but very beautifully, was made to sing; a stormy C sharp minor Etude op.10; and a D flat Nocturne which recalled memories of every Rubinstein recital I can remember.

Towards the end of his B flat minor Scherzo finale, there were several handfuls of wrong notes, and Rubinstein played a waltz as an encore, to excuse, as he said, his "dreadful performance." He was unjust: it was a performance, for all its passing and forgettable inaccuracies, of satanic energy and force, stirring to the core, and in its lyrical flights, of the *utmost joy. Before he left the* platform, he thanked us warmly. *Again, he was unjust*: it is we who thank him, from the heart.

German theatre

Uncle Vanya

by RONALD HOLLOWAY

Chekhov is a must for the German theatre director on the rise, and there are as many interpretations of his plays as there are productions. The difficulty, however, is to find a genuine Chekhov among the *papier-mâché imitations*, for Germans love to read between the lines of great dramatists to find, and *copyright*, the hidden message. (I once heard a provincial Intendant *say* that Shakespeare *had* to be employed in Court, for only there could he have learned to write so well!). On the other hand, *if no message is to be found* (and I have yet to discover one), Chekhov at least allows for a personal vision of the world in the panorama of everyday affairs that reach out to the extremes of farce and tragedy. Thus, Rudolf *Noelte, one of Germany's best* directors, takes the liberty of injecting his own despairing pessimism into *The Cherry Orchard*, and Peter Zadek turns *The Seagull* into a *pompous* circus show for the folksy, uncomplicated theatregoer: sleight-of-hand Chekhov.

Niels-Peter Rudolph is a *director on the rise. He is young* (35), intelligent, and experienced, and likes to stay anonymously in the background rather than place all his bets on a single style or *bag-of-tricks*. I have seen him direct Büchner, Shakespeare, *Wedekind, and Friedrich Wolf*, and all that these productions seem to have in common is an inordinate lack of scenery and a taste for psychological realism. *He has tackled Chekhov before* —this very play, in fact—and *Uncle Vanya* has now been selected for the coming Berliner Theatertreffen as one of the significant productions of the season. What is significant is that he bypasses Chekhov's letters insisting on comedy in his plays and goes for the emotions, and as usually happens in such a *tipping of the scales, drama slips* easily into bathos.

At the *outset, the approach* pays off as the play is set throughout on an enclosed porch and we feel the stickiness of the weather pushing tempers to a breaking point: Ilona Freyer's staging and costumes aptly fit *the rustic quality of West* Berlin's Schlosspark-Theater, a factor the production could not easily have done without. Wilhelm Borchert's irritating Serebryakov also serves to get effectively on the nerves—until *everyone scurries around whin*ing and complaining to anyone who will listen. Uncle Vanya (Fritz Lichtenhahn) is spotted among a party of shabbily dressed gentlemen because he whines the most, to such an *extent that his reaching for a* pistol is welcomed with a sense *of relief. It is equally difficult* to feel a measure of compassion for the ladies, although Yelena (Gisela Stein) and Sonya (Hildegard Schmahl) try valiantly to *trade in looks for youth and* homeliness. Peter Fitz's Astrov, fittingly, is a doctor who hides, when necessary, his emotions.

It is, in the end, a time-honoured German Chekhov. Emotions are equated with *instincts in a typical gesture* that recalls a score of films in the Golden Age of the Silents (particularly those scripted by Carl Mayer). Vanya gives way to an uncontrollable maturity and plops his head into the first female lap to come along. When Yelena and Sonya are left to themselves in a tender moment, they take to stroking and panting *like two long-lost lesbians*: it's an embarrassing scene that, oddly, *matches with a recent East* German film, Egon Günther's *The Third*, that draws its rationale from a more plausible source. The final give-away is a series of lusty screams rippling out into chokes and sobs.

Warsaw's Erwin Axer directed a Chekhov in German theatre *a few seasons back which, one* would have though, have set some kind of standard. Even the East Germans place their chips on dignity as the balance between comedy and tragedy, which heightens the drama if *nothing else and sometimes saves* the lead in an almost impossible acting role. More guest directors or visiting troupes from the East should be the rule in these days *of detente. For that matter*, a native should come in every now and then to direct the similar, uncanny comings-and-goings of O'Casey and O'Neill.

Joan Turner at Greenwich

Joan Turner will open in a late-night presentation of her one-woman show, *Joan Turner Unlimited*, at the Greenwich Theatre *on June 14 to June 26*, each evening at 10.30 p.m.

WORLD TRADE NEWS

W. German plant sales 'hit by Japanese'

FRANKFURT, June 1.

GERMAN heavy plant producers will this year find it difficult to top the DM13.07bn. of new orders recorded in 1975, partly due to aggressive Japanese competition and price cutting, Herr Theodor Messing, Board spokesman for the producers' study group said.

The 38 member group, part of the West German Machinery Builders' Association, reported that first quarter 1976 incoming orders fell to DM2.92bn.

Herr Messing said the Government should consider better long-term export financing arrangements and State guarantees to help German firms combat Japanese market penetration.

●Three German companies say they have been awarded orders worth more than DM150m. to supply equipment for a DM300m. steel-rolling mill to be built south of Ahwaz in Iran by the end of 1979.

Gutehoffnungshuette unit Schloemann-Siemag will supply a DM85m. cogging and slab mill in conjunction with the private company Kirchfie of Dusseldorf. Siemens said it has a DM47m. order for electrical installations at the plant, and Fried. Krupp said its subsidiary Koppers-Wistra-Ofenbau has a DM32m. order to build and instal the *heating furnaces.*

Reuter

Leyland wins first Arab orders after boycott clearance

BY TERRY DODSWORTH

THE SALES potential of British Leyland products in the Middle East was underlined yesterday when the special products group announced its first batch of orders from Arab States since the company was removed from the boycott list just six weeks ago.

Construction and road-making plants, building site equipment and refrigeration components figure prominently in the orders, which are worth £500,000 and come mainly from Saudi Arabia, Dubai and Qatar.

The inclusion of Saudi Arabia among the buyers is particularly significant, since this country was exceptionally rigid in its application of the rules during the six years that Leyland was on the boycott list. At the same time the speed of response to BL's removal from the boycott lends weight to the company's view that there are substantial opportunities opening up for it in the Middle East.

Even during the boycott it has been able to transact a considerable amount of business with Arab states anxious for specialised products like the Land Rover which could not be bought elsewhere and were regarded as "essential" equipment. BL now believes that it can build on this base with its other specialised products and commercial vehicles. It has estimated that, with the inclusion of Turkey and Iran, its sales in the Middle East could rise from £130m. last year to £200m. within the next 12 months.

The Leyland special products companies involved in yesterday's orders are Aveling-Barford of Grantham (dump trucks, graders, tractor shovels and road rollers worth more than £200,000), Goodwin-Barsby of Leicester (quarry equipment), Barfords of Belton (dumpers and concrete mixers valued at £100,000), and Prestcold of Reading (refrigeration compressors).

Buyers from many Arab states have been visiting these companies over the last few weeks and a trade show of construction equipment, fork lift trucks and trailers is being mounted in the U.K. next month for potential Middle East customers.

Leyland says that plans for a Middle East sales and service network are also well advanced.

The special products group also announced yesterday that a £1.8m. order for Aveling-Barford road construction equipment is now being finalised with Nigeria, while contracts worth £1.5m. for the export of Coventry Climax fork lift trucks to Australia and South Africa have been signed.

Big rise in Soviet oil exports to the West

By Our Own Correspondent

MOSCOW, June 1.

OFFICIAL statistics released at the week-end show the Soviet Union boosted its oil exports from 1974 to 1975 by more than 12 per cent., with more of the increase going West than East.

According to the foreign trade statistical handbook for last year, overall Soviet exports of oil and petroleum products in 1975 amounted to 130.35m. tons, compared to 116.18m. tons the previous year. That represented a jump of 14.18m. tons or 12.2 per cent.

Of the increase, 8.9m. tons went to customers in the non-Communist world, bringing their total of Soviet imports for the year to 53.37m. tons. It was an increase of 20.2 per cent. over 1974s total of 44.38m. tons.

At the same time, the handbook showed Soviet exports to fellow members of Comecon went up only 7.5 per cent., from 66.69m. to 71.7m. tons.

Vietnam, North Korea and Yugoslavia, all of which are Communist but not Comecon members, received greater increases in Soviet oil. Their combined total went from 5.03m. tons in 1974 to 5.96m. tons last year, an 18 per cent. jump.

The handbook showed U.K. imports from the Soviet Union rose from 918,000 tons in 1974 to 1.5m. tons last year. The biggest single customer on the Soviet books remains Czechoslovakia with a total last year of 15.97m. tons., while the biggest non-Communist importer is Finland with 8.77m. tons in 1975.

Brazil faces $4bn. energy bill

BY DAVID WHITE

RIO DE JANEIRO, June 1.

OPEC'S DECISION against increasing oil prices has brought only small comfort to Brazil, where fuel costs are already beginning to erode balance of payments expectations. The country's oil import burden, the largest borne by any developing nation, is expected to increase this year from $3bn. to $4bn.

In the first four months of the year, Brazil spent $1.3bn. on foreign oil, mostly from Saudi Arabia, compared with $1bn. in the same period last year. Domestic production dropped nearly 2 per cent. to 20.6m. barrels, while petrol consumption has risen by about 10 per cent. The volume of imports went up 13 per cent. to 104m. barrels.

The decline in production is due to the drying up of Brazil's oldest land wells in Bahia State. At the same time, development of new offshore fields, which are likely to bring significant relief by the end of the decade, is reported to have been held up as a result of curbs on imported equipment.

An exceptionally sharep increase in the use of diesel oil has given substance to rumours that the commercial fuel is being used by dealers to mix with petrol.

The oil figures substantially change the picture for the balance of payments this year. A trade deficit of 1bn., initially forecast for the year as a whole, has already been passed in January-April, according to preliminary statistics. With a built-in deficit of at least $3.5bn. in the service account, Brazil appears unlikely to finish the year with less than a $5bn. current account shortfall. The current account deficit was $7.1bn. last year and $6.7bn. in 1974.

The disappointing trade performance so far, showing exports of $2.59bn. in the four months, 6 per cent. below 1975 levels, is largely due to a bad sugar crop last year. Government officials expect an improvement during the remainder of the year, especially since compulsory deposits on imports will only begin to make their impact on the May figures.

This is because import licences, made subject last December to a year's 100 per cent. non-interest-bearing deposit, with few exceptions, are fixed up to 120 days in advance. Import curbs have already succeeded in bringing down the total for January to April from $4.4bn. to about $3.6bn.

A further worry on the economic horizon is a steep increase in inflation rates this year. The Rio de Janeiro cost of living index rose 17 per cent. by the end of April, compared with a 31 per cent. increase for the whole of last year. The Government has sought to combat the rise with restrictions on credit supply, including an increase of the central bank's rediscount rate in two stages from 22 per cent. to 33 per cent., and an adjustment in the formula by which it calculates "monetary correction" (Brazil's indexation system).

Parolle wins £10.5m. Libyan contract

By Christopher Lorenz

REYROLLE PARSONS yesterday added a new contract to its already substantial list of exports to the developing world.

The group's project engineering company, Parolle, has won a £10.5m. order for a the supply of substation equipment to Libya. About £6.5m. of it will go to A. Reyrolle, which will supply switchgear and protection equipment, and Parsons Peebles Distribution Transformers will deliver £800,00 worth of transformers.

The order was awarded by the Electricity Corporation of Benghazi, covering a complete new power network serving Benghazi, Tobruk and surrounding areas. The network will use three voltage levels, and will entail the building of 40 sub stations.

Parolle is currently engaged in contracts worth about £9m for power station equipment and switchgear for Bahrain, Qatar and Ghana. Like the Libyan order, this export business is particularly valuable to Reyrolle Parsons in view of the dearth of power station orders from the home market.

Guyana plans power scheme

BY HUGH O'SHAUGHNESSY

GEORGETOWN, June 1.

THE GOVERNMENT of Guyana will next months unveil detailed plans for the construction of a £500m. hydro-electric scheme on the upper Mazaruni River, although the World Bank has suggested a more modest scheme.

The Government of Mr. Forbes Burnham has commissioned a feasibility study from the Swedish Sweco consultancy and is convinced of the economic sense of the plan. Guyana is therefore shortly to seek firm commitments from governments and suppliers willing to finance the project.

According to Mr. Patterson Thompson, chairman of the State-owned Guybau, or Guyana Bauxite Company, Guyana has received expressions of interest in the plan from a number of Communist and non-Communist governmetns and potential suppliers.

The Guyanese maintain that the cheap power from the Mazaruni, added to the high quality bauxite already being produced in Guyana, will enable aluminium to be produced at a price fully competitive with that of metal produced elsewhere in the region.

At a time when Guyana has incurred the disapproval of the U.S. because of its independent Third World and non-aligned stance, and its increasingly strong relationship with Cuba, the Guyanese authorities see the decision of Western governments about co-operation as a touchstone of their intentions towards Guyana.

Ideally the Guyanese would like a financial package of commitments from a number of Communist and non-Communist governments. The Upper Mazaruni scheme would in the first stage provide 1,000 megawatts of power but, according to officials here, this capacity could subsequently be multiplied several times. Even the first stage would provide more than enough energy for the whole country's present needs and those of a new smelter, but officials have not hinted at how the surplus power would be used, apart from saying that it would be put to use industrially.

Soviet-Philippine talks

MOSCOW, June 1.

PRESIDENT FERDINAND E. Marcos of the Philippines ended two days of talks in the Kremlin on Tuesday, Tass said.

Describing the atmosphere as "friendly and business like" the Soviet news agency said the two sides discussed "specific measures aimed at development of relations between the two countries in the spirit of the times, above all the efforts of states and peoples for security and co-operation."

Bilateral and international issues were raised and the two sides discussed joint documents they plan to sign.

Marcos arrived with his wife, Imelda, and a number of Cabinet Ministers on Monday on an eight-day visit during which he is expected to meet Leonid I. Brezhnev.

Tass did not immediately specify who took part in the talks but said on Monday that President Nikolai V. Podgorny and Foreign Minister Andrei A. Gromyko were involved. UPI

'World Bank backing for Bombay High'

By K. K. Sharma

NEW DELHI, June 1.

THE WORLD Bank has indicated that it will be willing to invest $200m. to help India develop its first offshore oilfield, the Bombay High.

The bank's President, Robert McNamara is understood to have offered to finance the foreign exchange cost of the piping and fractionalisation of the associated natural gas in Bombay High.

The field is thought to be the first oil project in which the World Bank has shown interest after the recent change of policy of not giving loans for oil exploration. Bombay High started commercial production last Friday and it will be developed to have a potential yield of 2m. tonnes by the end of this year and 10m. tonnes by 1980.

Italian promotion probed

The European Commission has opened legal proceedings into certain State assistance allegedly granted by a Instituto per il Commercio con l'Estero (ICE), a *body of the Italian Department* of Trade, to help finance sales promotion for Italian textiles, shoes and clothing, Commission officials said yesterday, AP-DJ reports from Brussels. According to these officials, the ICE action is *in violation* of the treaty on State aid, as likely to favour Italian exports at the expense of the industries of other member states. *The Commission considers the* granting of export aid in intra-community relations to be incompatible with the general principles of the Common Market, particularly with the free movement of goods, officials explained.

Franklin stamp

The special stamp to mark the 200th anniversary of American independence — costing 11p and featuring statesman philosopher Benjamin Franklin — goes on sale today.

TRADE MARK LEGISLATION

National laws 'have precedence' in EEC

BY A. H. HERMANN

PROTECTION which national laws give to trade mark owners against imports of goods bearing confusingly similar brands has precedence over EEC rules safeguarding free circulation of goods in the Common Market, according to M. H. Mayras, the European Court's First Advocate General.

M. Mayras, who was submitting his opinion to the court in the trade mark dispute *Terrapin v. Terranova* also said that it is for the national courts to decide which brand names should be considered confusingly similar.

This brings to an end proceedings in a test case referred to Luxembourg by the West German Federal Supreme Court with the deliberate intent of forcing the European Court to remove the uncertainty over identical trade marks registered in different member countries, created by the European Court's previous decisions in this field.

The European Court's judgment in the present case can now be expected to follow soon and it is unlikely to differ substantially from the opinion of M. Mayras. It will mark an important stage in the development of European trade mark law, as the legal issues involved are still hotly disputed, not only between the EEC Commission and industry, fearing the gradual erosion of trade mark protection, but also within the Commission itself. These disagreements have delayed the publication of the Commission's memorandum on European trade mark policy, which should have been published about a fortnight ago.

The Internal Trade Department of the EEC Commission has always felt very angry about the way the Competition Department obtained a decision from the European Court (in the Café Hag case) eliminating protection against imports of goods provided with an identical trade mark of common origin in another member state. It succeeded in ensuring that the Commission's observations, submitted to the Court in Terrapin/Terranore reaffirmed the priority of trade mark protection which the Competition Department sought to remove.

However, the Competition Department retaliated by asking the Court to consider the criteria applied in West Germany when judging whether two brand names are or are not confusingly similar. The German representative protested most strongly against the introduction of this new legal issue during the oral hearings of the case. Although German criteria are more severe than those of other countries, and the need for harmonisation is generally accepted, most trade mark experts outside the EEC Competition Department feel, as M. Mayras now says, that this is not a matter for the European Court to decide.

A third issue, apparent in the Terrapin/Terranova case, is that of discrimination against foreign trade mark holders. M. Mayras reminded the Court that it would be incompatible with EEC rules for national rules on the similarity of trade marks to be applied more severely against owners of trade marks in other EEC countries than when considering a trade mark registration proposed by a West German firm.

The Financial Times, published daily except Sundays and holidays. U.S. subscription $167.00 (air freight) $334.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Big rise in Soviet oil exports to the West

Parolle wins £10.5m. ... contract

World Bank backing for Bombay H...

Franklin st...

...' in EEC

AMERICAN NEWS

Channel 13 bids for funds by auction

By Our New York Staff

IF YOU LIVE in or around New York City and you happen to want to buy a pair of Muhammed Ali's old boxing gloves or a flawless diamond worth $50,000, the chances are that you could be glued to your television for most of this week.

New York's only public, non-commercial television station—Channel 13—is holding its second auction-over-the-air to raise desperately-needed funds. Like public stations throughout the U.S. Channel 13 is finding that its normal donations and cash pledges are not keeping up with inflation.

All the goods put up for bid—some $2m. worth—are shown on the nonstop, nine-day auction and viewers have to telephone their offers quickly to snap up a bargain. The goods are donated free to the TV station and companies which donate get tax benefits and free publicity.

Benefactors know that they are directly aiding the one local station that at least tries to schedule programmes of some originality and quality. This year's favourites were imports like Monty Python, Upstairs - Downstairs and Masterpiece theatre.

In addition to the boxing gloves, items up for sale include Rudolf Nureyev's old ballet tights, a year's free parking in Manhattan, and a dinner with the staff members of "Mad" magazine.

Channel 13 was new to the auction game in 1975 and was the last station in the country to take up the gavel. In order to be a success the current auction must meet its target of $2m. Last year's take was $1m.

The station's present funding comes largely from four sources—private donations, corporations, charitable foundations, two of the principal supporters, provide funds on a matching basis. That is to say, whatever comes from another source, such as auctions, the matcher will provide the same amount.

Corporate underwriting of particular programmes is also a source and each day of the current nine-day auction will be sponsored by a different corporation.

New York's Seventh Avenue designers like Oscar de la Renta, Diane von Furstenberg and Yves St. Laurent have donated $1,000 worth of their clothes and the auction's main event will be the unprecedented cleaving and faceting on the air of an eight carat uncut flawless diamond. The diamond was donated by De Beers Mining and retails at $50,000. Night after night the diamond will take shape as hopefully will Channel 13's finances, leaving on the last night a perfect two and a half carat brilliant and a shining fiscal picture.

Channel 13 capital commitments for 1976 have already reached $7m. and although this money is sound and considered as operating capital it may not actually be in the bank for three years, so the station can in effect borrow against that money, although this is not specified in the charter. Last year's capital came to $20m. and it is hoped that this year will show a substantial increase.

Simon sees improved economic outlook

U.S. Treasury Secretary William Simon has told foreign exchange dealers meeting in Washington that the U.S. economic outlook appears to have improved substantially, Reuter reports.

"We are now undertaking a revision of our economic forecasts, and when the analysis is complete, it will likely indicate that real output will be substantially higher than the 6 per cent. originally projected, that the inflation rate for 1976 will be somewhat lower than the 6 per cent. originally envisioned and that the unemployment rate may be down to 7 per cent. or slightly below by year end," he said.

Mr. Simon praised the western industrialised nations for working together "in a spirit of co-operation and mutual interest that has rarely, if ever, been equalled" in dealing with world economic problems in recent years. But he said that many problems still remain, the most important of which is inflation.

Treasury debt ceiling

The U.S. Treasury said that it could live with a $713bn. debt ceiling up to September 30 next year, an increase of $86bn. over the present ceiling on Government borrowing, Reuter reports from Washington. However, in testimony before the House Ways and Means Committee, Assistant Treasury Secretary Robert Gerard said that the peak need for Treasury borrowing on June 15, 1977, is estimated at $716bn. The Treasury must win Congressional approval of a new debt ceiling, since the present temporary $627bn. ceiling expires on July 1.

Rubber strike talks

The United Rubber Workers (URW) and the big four rubber companies resumed bargaining yesterday after almost two weeks in which both sides have had a chance to reassess their positions, AP-DJ reports from Cleveland. Since the strike began on April 21, the talks have been deadlocked over major economic issues.

Gold price rises $1¾ ahead of IMF auction

BY MICHAEL BLANDEN

THE gold price rose yesterday in a fairly active market ahead of to-day's auction of 780,000 ounces of the metal by the International Monetary Fund.

By the close in London, gold stood at $127¼ an ounce, a rise of $1¾ from Friday's level. Dealers reported that there had been some good buying interest during the afternoon, attributed partly to last minute covering before the event.

There were signs of growing confidence that the auction would go off well. Some dealers feel that if the sale is well-subscribed, the price could pick up further as a result of the removal of uncertainty about the outcome of the auction which has held the market back.

It was reported from Washington that the IMF had already received a large number of bids for the metal being offered. The result of the auction, however, will not be known until late this evening (U.S. time).

The major question hanging over the market is the role which may be played by the Bank for International Settlements. It is expected that the BIS will be a significant bidder in its own right for the gold being offered. While the IMF will not sell direct to central banks, moreover, it is also thought likely that some central banks — including possibly the Swiss and the French — will be interested in acquiring gold.

The IMF has already stated that the names of bidders and the amounts for which bids are made will be kept secret to avoid embarrassment. The auction is to be carried out on the common price basis, under which the Fund will set the level of the lowest acceptable bid and charge that price to all those who make a bid above that level.

The auction is the first of eight to be held each year over the next two years. In total, the IMF plans to sell off some 25m. ounces of gold over a period of four years, using the proceeds to raise money for a new trust fund for the developing countries.

New York agency to sue Moodys

BY JAY PALMER — NEW YORK, June 1

THE MUNICIPAL Assistance Corporation, which has been acting as New York City's fiscal agent, this morning confirmed that it intends to start legal proceedings sometime later this week against Moody's, one of the two most influential U.S. debt rating agencies.

MAC, the state agency set up to raise public debt money for the city, said that it will charge Moody's with "negligence and misrepresentation." Its primary aim will be to force the subsidiary of Dun and Bradstreet to reverse its recent downgrading of MAC bonds.

Last week Moody's unexpectedly dropped its rating of MAC bonds from a single-A (upper-medium quality) to single-B (an indication of "less than desirable investment qualities"). Despite lengthy talks following the move, Moody's refused to reverse its decision and MAC bonds suffered a $400m. paper-loss in the market.

Mr. Felix Rohatyn, Mac's chairman, said that he remained "shocked and dismayed." Its lawyers would seek a court ruling that downgrading was arbitrary, unnecessary and based on "unprofessional behaviour."

The downgrading, a move that will effectively prevent many institutions from buying Mac bonds, comes just as Mac is trying to swap $500m. of interest-frozen New York City debt for 15 year 8 per cent. Mac substitute bonds. Although Standards and Poor's, the other leading rating agency, has not altered its Mac rating, many doubt whether the swap can now be successfully completed.

Moody's officials this morning defended their downgrading decision by pointing to the consequences of the city's still deteriorating financial position. Noting that expenditures by the city are still rising far faster than revenues, the agency said that if forced into bankruptcy there is still nothing to prevent a federal judge from attaching city sales taxes and stock transfer taxes now being collected by the state to back Mac bond offerings.

Jagan calls for complete nationalisation in Guyana

BY HUGH O'SHAUGHNESSY — GEORGETOWN, June 1

DR. CHEDDI JAGAN, the Moscow line Communist leader of the opposition People's Progressive Party (PPP) has called for the complete nationalisation of foreign banks, insurance companies and "other monopolies" in the wake of last week's nationalisation of the Booker McConnell's extensive sugar and industrial interests in Guyana by the government of Mr. Forbes Burnham.

Dr. Jagan has also demanded a "massive education campaign at all levels for imbuing the people with revolutionary, scientific socialist (Marxist/Leninist) ideological consciousness," and "the closest relations in all aspects with the world socialist community, headed by the Soviet Union."

At the same time the Opposition Leader countered widespread speculation here that his party would join the Government and accept four Cabinet posts. Dr. Jagan said that the PPP's position of giving "critical support" to Mr. Burnham's Government did not mean he was prepared to "bury the hatchet" politically and ideologically. Dr. Jagan did not however rule out the possibility of entering the Government at some future time.

With the increasing swing to the left of Mr. Burnham's ruling People's National Congress (PNC), the gap between it and the PPP has narrowed considerably. In recent weeks Dr. Jagan decided to go forward from the position of "critical support" the PPP adopted last year to calling off the boycott of Parliament he decreed after the 1973 general election, which was regarded by many as fraudulently rigged in favour of the PNC. The PPP has now taken up its 43 seats in the 53 seat unicameral legislature and one of Dr. Jagan's closest colleagues Mr. Boysie Ramkarran is the deputy speaker of the assembly.

The two parties, however, remain devided on racial grounds, the PNC having mainly negro support and the PPP mainly East Indian membership, and on attitudes to Marxism, Leninism, and the Communist world. Mr. Burnham puts the accent on the role of the co-operative in a socialist society and supports the Chinese thesis that the world is dominated by two super powers, the U.S. and the Soviet Union. Dr. Jagan is a strictly orthodox supporter of Moscow's views and is scathing in his attitude to Peking. Both leaders, however, share an attitude of friendship towards the Castro Government.

Dr. Jagan's decision to call a halt, albeit perhaps temporary, to strengthening of relations with the PNC is doubtless influenced by the fact that many of his East Indian supporters who have followed him in the past out of racial loyalty rather than out of attachment to his ideological principles, have been highly critical of his closer links with the PNC which is seen by them as the party of the powerful black urban minority.

Some East Indian leaders, fearful of what they call a "sell-out" by Jagan to Negroes, have been discussing the launching of a new party to represent conservative, Moslem and Hindu opinion. So far however, no leader has emerged to run this new grouping. Conservative East Indians have been slow to give outright political and financial support to the idea for fear of retaliation by the Government and PPP against their business interests as supporters of the scheme have been waiting for some sign of support for their ideas from foreign sources.

Dr. Jagan has also however been under fire for not associating more closely with the PNC. One of the PPP's leading Marxist thinkers Mr. Ranji Chandisingh recently quit the PPP for the PNC. Observers here feel that any new move towards bringing together the PNC and the PPP may have to wait for the publication of a new constitution which which is expected in the next few months. This constitution could provide for the present non-executive Presidential office to be transformed into an executive one and for the present Prime Ministership to retain many of its attributes and thus leave room for Mr. Burnham and Dr. Jagan to share power.

Sen. McGovern dismisses two 'Stop Carter' aides

BY DAVID BELL — WASHINGTON, June 1.

SEN. GEORGE McGOVERN, warning of the dangers of splitting the Democratic Party as it was split when he won the nomination four years ago, to-day dismissed two senior aides for publicly taking part in a "Stop Carter" campaign.

The Senator, who was the target of a prolonged attempt by established politicians to deny him the nomination despite the fact that like Carter he won a commanding lead in the primaries, urged the party in a statement to avoid a repeat of the "destructive, exhaustive effort that set the stage for the overwhelming Democratic defeat in 1972."

The Dakota Senator has endorsed Representative Morris Udall in the last four of this year's primaries but said that if Mr. Carter emerged as the nominee he would have his full support. He recalled that in 1972 a number of politicians, including Carter, had engaged in a "desperate effort to deny me the Presidential nomination even after all the primaries were over and I had secured 1,500 delegates."

His two aides responded to the dismissal with a statement of their own accusing Mr. Carter and his supporters of pressing Senator McGovern to fire them. "It is regrettable that Governor Carter and his supporters have found our dissent and our principles so dangerous that they felt compelled to bring this pressure," they said.

In Ohio, where Mr. Carter is campaigning hard for next week's important primary, the former Georgia Governor welcomed the McGovern move as showing a trend towards "more harmony and unity within the party." That did not, however, prevent him from launching another attack on the "staff members bureacrats and some selected officials" who are still trying to deny him the nomination.

Senator McGovern's action underlines what is rapidly emerging as Mr. Carter's strongest card. In the aftermath of the primaries next week, he is likely to stress again and again that only he is anywhere within striking distance of the nomination and to urge the party to coalisce behind him and present a united front for November. But Mr. Carter denied this morning that he has approached Governor George Wallace to win the support of his delegates, saying that he had resolved not to bargain with any candidate who, like Wallace, is still in the race.

Jamaica runs out of currency reserves

BY CANUTE JAMES — KINGSTON, June 1.

JAMAICA's net reserves are in the red for the first time in the island's financial history, standing at minus J$10.7m. (£6.7m.) at the end of last month. The negative position first became evident in March when the Bank of Jamaica released figures indicating that while reserves stood at J$132.5m. (£82.8m.), liabilities totalled J$135m. (£84.4m.).

The Bank of Jamaica had forecast that the island's economy would break even this year, but the Governor of the bank, Mr. G. Arthur Brown, said the forecast would have to be revised, and if the negative trend continued, there would be cause for concern.

The Governor said there was no immediate cause for alarm however, as none of the island's outstanding liabilities were likely to be called up immediately. Significant inflows into the Jamaican economy are not expected until July, when there will be payments under the bauxite production levy, and returns from tourism and bananas.

● A Government-owned company, the Jamaica Bauxite Institute, has been established to oversee the State's growing interests in the North American-owned and controlled bauxite and alumina operations in the island.

The institute will be responsible for the Government's 51 per cent. holdings in the Kaiser and Reynolds operations, for which heads of agreement have already been signed, and for the State's holdings in the Alco operations when current negotiations are concluded.

The proposed 900,000-ton alumina plant to be built in southern Jamaica is also to be under the control of the new company.

EUROPEAN NEWS

Giscard faces a challenge on capital gains tax Bill

BY RUPERT CORNWELL

PARIS, June 1.

THE DEBATE which opened this afternoon on France's planned capital gains tax will be not only heated and confused, but represent perhaps the most dangerous Parliamentary challenge to President Giscard d'Estaing since he took office two years ago.

Since its publication on April 20, the draft Bill put forward by M. Jean-Pierre Fourcade, the Finance Minister, has been under non-stop criticism from all sides. The National Assembly debate is scheduled to end on Thursday evening, but the 600th amendment already takled make it well nigh certain that this deadline will not be met.

On the passageof the Bill in a reasonably intact form stands to a great extent the credibility of the President as a reformer. Unlike the abortion and divorce laws he has pushed through, the capital gains tax for the first time strikes at entrenched privileged interest in French society, and will not be ensured of Left-wing support, tacit or otherwise.

To-day, its prospects look uncertain at best. M. Fourcade's plight is that his proposals please no one; for the Left they do not go far enough, while for the Right they go too far and have been branded as complicated, unfair and a betrayal of liberal economic principles.

Modest when first presented, the tax would affect no more than 300,000 of France's 12m. income tax payers and has raised barely Fr.1bn. (£120m.) compared with total fiscal revenue of well over Fr.300bn.

However, discussions between the Minister and Parliamentary leaders have already produced an informal compromise package of concessions. The period of ownership required before exemption from the hax has been cut from 04 years to 10 years in the case of shares, to 20 years for property, and to 30 years for development sites.

Changes have been admitted on the system covering sales of second homes, while the automatic allowance for potential payers has been lifted to Frs.20.000 from the originally intended Frs.10.000 To aid the stock market, M. Fourcade has agreed that profits on share dealings will be exempt, provided that proceeds of sales are reinvested on the Bourse, while foreign non-residents will now escape.

He has so far however refused to extend the tax to debentures and to take account of any capital losses, other than those incurred in Bourse transactions. On the other hand the Government is ready to lower the flat levy planned on gold (including the Napolean coin), and other *objects d'art* to 2 per cent. from the previous 4 per cent. Unfortunately these concessions are not enough for the Assembly's Finance Commission which has conducted its own examination of the Bill. The hostility largely reflects the views of diehard Gaullists, unimpressed by the recent Presidential threat to withdraw his backing from those of his theoretical supporters who "reject the principle of this reform."

Some Gaullists moreover are forming an unholy alliance with the Socialists and demanding a flat wealth tax, which M. Mitterrand the Socialist leader has suggested should start on fortunes of Frs.2m. and above. At the very least it will need clever footwork by the Government to save the day, and avoid the indignity of being forced to withdraw the Bill completely.

Whatever the outcome, the whole exercise has illustrated the outstanding financial conservatism of the French in the face of an attack which even in its initial form was milder than those existing for many years in almost every other industrial democracy.

Mitterand supports East links

BY PAUL LENDVAI

VIENNA, June 1.

SOVIET BLOC efforts to promote co-operation between Socialists and Communist parties have been given a boost following last week's visit of the French opposition leader Mr. François Mitterrand to Hungary. For the first time since the Communist takeover in Eastern Europe, a major Socialist party of the West came out in favour of institutionalised co-operation with a ruling Communist party.

In a joint declaration M. Mitterrand's French Socialist Party and the Hungarian Communist Party said that despite ideological-political differences of views, contacts between Communists and Socialists both at the national and international level serve the common fight against capitalism and for democracy, independence and peace and strengthen the cohesion and solidarity of the working class all over the world."

An influential member of the Hungarian delegation and leader of the international department of the Hungarian central committee, Mr. Janos Berecz, made clear in a recent article about European social democracy that "a generalised and broadly based constructive co-operation of communists and social democrats could significantly change the West European political situation" in favour of what he called "peace, detente and social progress." He stressed that socialists are the prime ministers in eight European countries and participate in the government of seven others.

The Austrian socialist leader, Chancellor Bruno Kreisky, flatly condemned contacts between socialists and ruling communist parties, stressing that he was only in favour of contacts between States. In a recent interview he described co-operation between an opposition socialist party in the West with a Communist party in the Soviet bloc as "very dangerous and wrong" since there was no substance whatsoever to such talks. Austrian leaders, just like the German social democrats, draw a clear dividing line between temporary co-operation of socialists and communists in Western countries and forging ties with ruling communist parties.

Crisis looms on language

BY DAVID CURRY

BRUSSELS, June 1.

THE CONFLICT which has raged for more than a year over the refusal of the Mayor of the North Brussels commune of Schaerbeek to abandon separate inquiry desks in the Town Hall for French-speakers and Dutch-speakers is coming to a head. This morning, the Government's special commissioner charged with implementing the bi-lingual system required by law arrived at the Town Hall to make his preliminary investigation.

Meanwhile, French-speakers at the National Savings Fund and at part of the Social Security Ministry are on strike protesting at the linguistic imbalance in their offices in favour of Dutch-speakers. The Mayor of Schaerbeek, M. Roger Nols, says he will not implement the law in his commune until the Government adjusts the linguistic balance in its ministries.

Similar trouble is threatened at other institutions, including the state telephone utilities. A week ago a group of militant Flemish nationalist MPs invaded and wrecked the Minister of the Interior's office in protest at official handling of the Schaerbeek affair.

Meanwhile, the French language party, the Rassemblement Walloon, has threatened to quit the Government, whose majority it controls, if it does not adjust the staffing at the savings fund.

The Linguistic Control Commission has already failed to produce the solution at the fund where the French-speakers are seeking 47.5 per cent. of the jobs which, they say, represents the volume of French business transacted.

The Schaerbeek issue has already produced a series of violent protests over the past year and the Flemings are insisting that their patience is exhausted. However, the linking of Schaerbeek with the staffing situation in other institutions has made it difficult for the predominantly Flanders-based coalition Government to take decisive action without offending one and probably both of the powerful linguistic interests in the country.

Return to deficit on W. German payments

By Adrian Dicks

BONN, June 1.

WEST GERMANY'S payments slipped into deficit last month to the tune of DM1.5bn. (£340m.) largely as the result of a reduced surplus on the service account, and of a partial outflow of the vast volume of short-term funds attracted into the D-mark during the March wave of currency speculation.

The April deficit compared with a DM7.8bn. surplus during March—itself the result of the massive short-term inflows. Taking into account the smaller surpluses of January and February, the April figures leave West Germany with an overall surplus of DM8.2bn. for the first four months of the year.

The services account surplus shrunk from DM2.5bn. to DM356m. in April, and in the first four months as a whole stood at DM3.7bn. compared to DM6.2bn. a year earlier. One item, singled out by the Bundesbank in its commentary on the figures, was an increase in spending abroad by German tourists in April.

Long-term capital outflows remained high in April at DM1.1bn., though this was lower than the March figure of DM1.9bn., influenced by special factors.

The main feature of the capital account last month, however, was the outflow of some DM1.1bn. of the more than DM7bn. which had flooded in during March. Banks also paid out DM1.4bn. in foreign currencies during the month.

As reported last week, there was in addition a drop in the surplus on the trade account during April from DM3.9bn. in March to DM2.2bn.

Rise in steel output seen

By Guy Hawtin

FRANKFURT, June 1.

WEST GERMAN crude steel production is epected to rise by 11 per cent. this year, according to one of the country'sleading economic research institutes. The economic upturn is also likely to produce a sharp recovery in prices, it says.

The report comes from the Rheinisch-Westfaelische Institut Fuer Wirtschaftsforschung (RWI), based in Essen.

EUROPEAN NEWS

Cortes committee amends Bill on political parties

BY ROGER MATTHEWS

MADRID, June 1

AMENDMENTS to the Sapnish Government's proposed law on political parties are expected to ease the passage of the Bill through the Cortes (Parliament) next week. Several changes to the Cabinet's draft have been made by the special Cortes committee on constitutional matters headed by Senor Gregorio Lopez Bravo, a former Foreign Minister who is closely associated with the lay Catholic organisation Opus Dei.

Among the changes made by the Cortes committee are the removal of a paragraph making illegal those political groups favouring a totalitarian state and a Government reference to "the spirit of the Universal Declaration of Human Rights." Extreme Right wing groups, noted for their total devotion to the principles of General Franco, had sharply objected to Government plans which would make a one-party state illegal. This, they argued, would be a total negation of the past 37 years.

Instead the Cortes committee has left outside the law those political groups dedicated to violent subversion, the destruction of present legal, social or economic order, plus any organisation that implied an attack on national sovereignty, unity, integrity or security. The wide scope of these provisions, plus previous legislation, gives considerable scope for official interpretation and will obviously still exclude the Communist Party.

It has also been learned that the draft law allows political associations formed during the lifetime of General Franco to operate immediately as political parties without the necessity of bringing forward the 25,000 signatures which is being required of other groups. This, together with the provision that no organisation shall receive funds from abroad, gives an immediate and substantial advantage to those political associations already enjoying legality.

Sources at the Cortes estimated today that the new law on political associations and the relevant changes to the penal code will be approved without undue difficulty, despite the fact that there are four separate proposals to send the entire package back to the Government for reconsideration.

The ambiguities of the Government's position have been highlighted in the past few days with the first-ever full scale meeting since the Civil War of the banned Communist Party in the north eastern region of Catalonia, and the official denial of a similar meeting planned by the Socialist Party in Gijon. The Catalan Communist Party (PSUC) held a rally for over 8,000 members in Tarrasa outside Barcelona at the week-end during which police did not intervene. However, in Gijon the Socialist leader Senor Felipe Gonzalez was prevented from addressing a meeting and his supporters were dispersed by riot police.

Police in Barcelona announced to-day that they had arrested nine members of the extreme Left-wing faction FRAP while the para-military Guardia Civil said they were asking the military authorities about possible action against a weekly news magazine for publication of an article accusing them of torturing suspects.

Meanwhile, as labour disputes grew in the Basque provinces, the southern region and in Madrid, the Minister of Finance has told journalists that he thinks a growth rate of 4 per cent. is feasible for this year and that inflation will hold to last year's level of just over 14 per cent. The official consumer price index for the first four months of the year was up by almost 7 per cent. with further rises in the pipeline as a result of the devaluation of the peseta against the dollar. The growth rate in 1975 was 0.8 per cent.

The Minister also forecast that less use would be made of international markets to make good this year's deficit of perhaps $3bn. in the balance of payments. Instead the Government would be prepared to sacrifice part of its reserves due to the high cost of servicing external debts.

The GDR is increasing pay and pensions

By Leslie Colitt

E. BERLIN, June 1.

EAST GERMANY has informed its population of improvements in wages, pensions and working hours, to be made possible by "higher labour productivity and effectiveness."

Current monthly minimum wages of marks 350 (£76, at the official exchange rate) are to be raised to marks 400, and workers earning between marks 400 and 500 will get an added marks 15 to 40. A million East German employees, out of a workforce of 8m., fall into this category.

In addition, 1.5m. workers are to be given wage rises linked with the "necessary production prerequisites," which is taken to mean higher output per man-hour.

The new wage and productivity levels are to go into effect on October 1.

Pension improvements will mean that a retired East German with 30 to 34 working years behind him, who currently gets marks 220 a month, will be getting 270, starting in December. Low pensions have been a source of some hardship for the retired 20 per cent. of the East German population.

With effect from May next year, 1.2m. East Germans are to have their work week reduced from 43¾ hours to 42 hours if they are on two shifts, and from 42 to 40 hours if they work three shifts. Working mothers with two or more children will also get the 40-hour week.

The social improvements are expected to remain in force until the end of the current Five Year Plan in 1980. The Government announcement assures East Germans that consumer prices, rents and transport fares will remain stable—that is, virtually at the 1957 level.

However, this also could mean that prices for anything beyond basic foodstuffs, household items and services are likely to remain frozen.

SALT problems unresolved

GENEVA, June 1.

UNITED STATES and Soviet nuclear arms negotiators resume talks here to-morrow after a four-week recess, with no outward sign of progress towards bridging differences holding up a new strategic arms limitation (SALT) Agreement.

Soviet Deputy Foreign Minister Vladimir Semyonov was due this afternoon from Moscow, and U.S. Ambassador-at-large Alexis Johnson will arrive to-morrow morning from Washington. Both men were having consultations in their respective capitals, officials said.

The two delegation heads are expected to have a private meeting to-morrow afternoon before their teams of diplomats, military men and scientific experts open a round of discussions aimed at completing a new treaty limiting their countries' nuclear arsenals.

The talks have been slowed down by differences on whether Soviet long-range backfire bombers should be counted as strategic weapons, and on how to take into account U.S. air-launched cruise missiles in the new accord.

Public statements during the recess by high U.S. administration officials indicated these difficulties remained unresolved, although Washington was studying new Soviet ideas.

The Soviet views were in response to U.S. proposals sent to Moscow last February to try to overcome the disagreement. U.S. Secretary of State Henry Kissinger told a Press conference in Oslo 11 days ago that the American reply would be disclosed in the next few weeks.

The negotiators in Geneva have been working to guidelines agreed by President Gerald Ford and Soviet Communist leader Leonid Brezhnev at a meeting in Vladivostok in November 1974.

These would limit each side to 2,400 intercontinental nuclear missiles and bombers, and allow 1,320 missiles to be fitted with multiple warheads (MIRVS).

When negotiations on the new pact began in Geneva in January last year Washington officials were hopeful it would soon be ready for signature. But recent pronouncements have been less optimistic.

The U.S. Defence Department has said that the Soviet Union committed a technical violation of the existing interim SALT Agreement which was concluded in 1972.

The Russians admitted the breach—failing to dismantle within a stipulated time-limit missile launchers they were replacing by new submarine missile tubes—and had taken steps to rectify it, U.S. Defence Department officials said.

Reuter

Artist charged in Leningrad

MOSCOW, June 1.

A LENINGRAD "unofficial" artist appeared in court on Tuesday on charges connected with an outdoor exhibition which police banned last Sunday, his friends said.

They said that the artist, Yuri Zharkih, was put on trial after spending almost all of Monday being interviewed.

UPI

ITALY'S ECONOMIC PROBLEMS

The Bank Manager's warning to Italy

BY ANTHONY ROBINSON IN ROME

ONLY THREE weeks from the Italian general election, the Governor the Bank of Italy Sig. Paolo Baffi, has produced an analysis of the Italian political-economic crisis, the underlying message of which is that Italy is on the brink of an Argentine-type inflation-devaluation spiral unless the discipline is found to control both public expenditure and incomes. Only in this way, he argues, will it be possible to free the economy from the restrictions which have placed Italy in what he termed "a state of siege."

The occasion of this message was the annual report of the Bank of Italy over which he presided for the first time at or the 15th "reign" of Sig. Guido Carli. Significantly, both ex-Governor Carli and his predecessor, Sig. Donato Menichella, stood up after Sig. Baffi's words to announce their support for this latest attempt to resolve the accumulated distortions of the Italian economy and restore to the Central Bank its role as guardian of the currency. For decades the uncontrolled rise in incomes and public spending have been the fundamental factors behind the creation of the monetary base and inflation.

The analysis of the situation was expressed in coldly technical terms, and the solution to Italy's problems requires a fundamental change in political and trade union attitudes. This in turn could be realisable only if the forthcoming elections result in a Government with the necessary popular support and moral authority to carry out what are bound to be unpopular and far-reaching measures aimed at imposing sacrifices and re-establishing clear market disciplines on the overall management of the economy.

Partners

An indecisive election result, and another series of weak and unstable Governments, could conceivably precipitate Italy into a deepening social and political crisis against the background of an inflation-deflation spiral which would carry with it the progressive withdrawal of Italy from its Common Market partners and from its links with the world economy.

This could create the conditions for anarchy and, in the longer-term, authoritarianism which some prominent bankers present at to-day's meeting feel could take the form of a resurgence of fascism or Communism—or in any case a frightening polarisation of Italian politics.

How can the above scenario, which is implicit in the analysis of the economic situation contained in the Governor's report, be avoided—and how did Italy get itself into this situation?

Governor Baffi singled out the uncontrolled rise in the public sector deficit and higher incomes unrelated to productivity as the principal causes of Italy's predicaments. But most problems are the result of the failure to come to grips with a series of related economic, political and social problems thrown up by Italy's post-war development.

Sig. Baffi revealed that between 1970 and 1975 the monetary base created by the State deficit rose by 275 per cent. compared with 48 per cent in the U.S. and 6 per cent. in West Germany. In 1975 alone, the Treasury deficit—which does not include deficits of local authorities or nationalised industries—amounted to 6 per cent. of net national income and absorbed one-third of all household savings.

The causes of this high and rising deficit—last year it reached L14,200bn. and is unofficially forecast to rise to L25,000bn. on present trends by 1977—lie first in the failure of successive Governments to create an efficient fiscal system and eliminate widespread tax evasion and second in the uncontrolled nature of public spending.

Tax evasion

Latest estimates for tax evasion by Sig. Ferdinando Ventriglia, Director-General of the Treasury, give an annual tax evasion loss L6,000bn., which should go to the Exchequer but instead has to be made up by borrowing. Public spending is not only high, it is also inefficient in terms of goods and services produced. The bulk of spending is on salaries, pensions and other transfer payments and the State sector is vastly overstaffed.

Add in chaotic local finances, astronomic deficits of the municipal bus companies, State railways, the nationalised electricity corporation, ENEL, and other public utilities—due to years of rigid price control—it can be seen that the State has created a maze of subsidies and favours amounting to featherbedding on a Peronist scale.

This is the basic cause of the State sector deficit and the political responsibility for this lies in successive Christian Democrat-led coalition Governments, which have used State funds principally to sustain and enlarge their political patronage and sway over sections of the electorate. But the Communist opposition is guilty to a lesser extent of the same kind of populism, in that they have been in the forefront of demands for higher pensions and social payments of all kinds for years. Thus an ever-increasing proportion of declining national savings (which have fallen from 22 per cent. of GNP in 1960 to 12 per cent. in 1975) has gone to finance the State deficit, increasingly starving the productive part of the economy of capital.

These, in the absence of Government measures to create an efficient capital market, have led to an ever-increasing dependence on high-cost bank finance and contributed to reducing profits, investment and employment.

But the inability of Government to spend more than a tiny fraction of their total income on investment in housing and public services of all kinds has also been a major factor behind organised labour's demand for higher wages and salaries. On the one hand, the public sector deficit has created an uncontrolled increase in liquidity and so fuelled inflation, on the other it has failed to supply essential services for the working part of the population. This has fuelled the social unrest which led to the post-1969 wages explosion and so contributed yet again in arresting the growth mechanism of the 1950's and early 1960's.

According to the Bank of Italy report, Italian industrial wage cost per unit produced rose 137 per cent. between 1970 and 1975, compared with 107 per cent. in the U.K., 43 per cent. in West Germany and 29 per cent. in the U.S. Here lies one of the basic causes behind the drop in Italy's international competitivity and the devaluation of the lira.

These are the principal reasons why Italy has a no-growth, high inflation devaluation syndrome within a general context of deep social divisions and injustices and rising structural unemployment.

To reverse the trend is bound to be a lengthy and extremely painful process. The bureaucracy must be reduced in size and rationalised. Prices and tariffs on a wide range of public activity must be raised rapidly to economic levels. Subsidies, pensions and so on have to be thoroughly reviewed and concentrated only on the poorest. The subsidised credit structure has to be drastically reduced, inefficient companies allowed to close and a means found to retrain redundant workers. The threshold payments system has to be drastically revised, so as to reduce a built-in inflationary element in the present structure, incomes related to productivity and the present huge disparity between various classes of workers reduced.

Investment

The capital market has to be reorganised to give firms access to risk capital and savers an efficient channel for investment. Direct and indirect taxes have to be raised, evasion severely punished and capital exports effectively discouraged. Above all some way has to be found to persuade the Italian electorate that it is not possible to increase investment and employment, raise the funds required for heavy social investment or modernise the railways and ports, or construct nuclear power stations or release resources for export without a substantial reduction in personal consumption, for the foreseeable future.

All the above are implicit in the Baffi formula of reducing the public sector deficit and introducing an incomes policy. But is it possible to carry out such a programme within a democratic pluralistic society which at one end of the scale has a Christian Democrat party that has developed, consciously or unconsciously, a distorted featherbed economy as an instrument of retaining power and influence, and at the other the Communist party, which for all its much publicised conversion to the need for austerity would find it extremely difficult to maintain its present level of support if it subscribed to policies which would inevitably imply massive sacrifices from the working class.

OVERSEAS NEWS

New united front formed in Burma

KAW MU RA, BURMA, June 1.

THE KAREN—backbone of Burma's 26-year-old ethnic insurgency have announced a new nine-party, Federal National Democratic Front. The announcement was made at Karen National Union (KNU) regional headquarters in Eastern Burma along the Thai border in the first Press conference ever held by the K.N.U. in over two decades of armed struggle against the rulers in Rangoon.

This most recent united front has two features to distinguish it from the many others which have preceeded it. It brings together for the first time the Karen National Union and Kachin Independence Organisation, the two militarily best equipped and organised ethnic forces, bringing together over 12,000 armed troops in the troubled Burmese union.

The new united front is directed as much against the Burmese Communist Party as against Rangoon.

This united front foreshadows the same alignment which created the three way power struggle—the Rangoon Government, the Communist Party and the Karen-led up-country ethnic group—that emerged in the chaotic post independence years.

Japan foreign holdings up 27%

BY PETER DUMINY

TOKYO, June 1.

JAPAN'S direct investments overseas grew another 27 per cent. to reach $8.3bn. at the end of last year; 69 per cent. of this total represents assets acquired in the past three years, according to figures published by the Ministry of Finance.

The annual external balance sheet, which shows actual capital trends (as distinct from investment plans on an approvals basis) is also notable for further contraction of Japan's net asset position vis a vis the rest of the world. Taking into account all categories of capital—that is long-term and short-term, public and private—Japan first emerged with net assets in 1968, and the net asset position grew to $13.8bn. in 1972 However, at the end of 1975 it was down to $7bn. again.

The $1bn. increase in the private sector's long-term direct investments was much the main factor making for accretion of assets, but it was more than offset by a $2.3bn. (to $6bn.) increase in foreigners' holdings of Japanese securities.

There was also another rise in the short-term external liabilities of the banking sector—of $1.7bn. to $26.4bn. This was nothing like as dramatic as the $11.2bn. increase recorded in 1974, the principal feature of the previous year's balance sheet, but left Japan with a $11.7bn. shortfall (excess of liabilities over assets) in the short-term sector compared with $10.2bn. at end-1974 and only $1.6bn. at end-1973.

The direct investment figures tend to follow the trend of investment approvals, with a time lag. If they continue to do so, there will be relatively little growth in long-term assets of this type during 1976. The peak year for approvas was 1973-74 ($3.5bn.) and the peak for assets actualy held was calendar 1974 ($2bn.).

Kenya 'ready to meet all threats'

By Our Own Correspondent

NAIROBI, June 1.

KENYA IS ready and able to meet all threats to her integrity, President Jomo Kenyatta declared here to-day, in an obvious reference to President Idi Amin's statement earlier this year that western Kenya should rightly be part of Uganda.

President Kenyatta was speaking at a Madaraka (internal self-government) anniversary ceremony here, at which he watched a fly-past by the Kenya air force and a display by units of the Kenya army.

Kenya would meet with confidence any renewed defiance of the Organisation of African Unity charter—which accepts existing boundaries between African states. Kenya's unity was the strongest of its political weapons, he declared.

Non-aligned countries in Colombo summit talks

BY EIRENE FURNESS

ALGIERS, June 1.

THE NON-ALIGNED countries co-ordinating committee is holding a three-day meeting in Algiers to put the final touches to the agenda they will present to the non-aligned summit conference at Colombo in August.

In his opening speech on Sunday, Algerian Foreign Minister Abdelaziz Bouteslika put the accent on maintaining unity within the non-aligned group.

"We cannot disguise the fact that the great diversity of our needs and interests, natural in a group that covers three continents, makes our unity of action subject to fragility. The summit conference will have to map out the path we must follow. The time has come for major explanations if not major confrontations. Continuous enlargement of the group must not lead us to water down our principles."

The meeting went into closed session this morning. A political and economical committee has been formed to report on progress after decisions taken at Lima.

Among problems to be discussed are applications for membership from former Portuguese African colonies the former French Comoro Islands and Romania. A possible solution for Romania may be permanent observer status. Moscow appears to disapprove of applications from Warsaw Pact countries to join the non-aligned group.

Another suggestion is the creation of a permanent non-aligned bureau with a fixed headquarters to take some of the responsibility from the president. President Houari Boumedienne of Algeria ceases to be president of the non-aligned countries conference this year and Mrs Bandaranaike of Sri Lanka will take over in August.

India plans big outlay on oil exploration

By K. K. Sharma

NEW DELHI, June 1.

AN OUTLAY of Rs.2,670m. has been provided for oil exploration in India's annual plan for 1977 just published. But the Planning Commission has indicated that oil exploration has top priority and additional funds will be made available if required.

The State-owned Oil and Natural Gas Commission plans to spend Rs.1,100m. on off-shore and on-shore exploration and another Rs.61m. on its overseas operations.

The plan envisaged establishment of two institutes—the Institute of Reservoir Studies located at Baroda in Gujarat State, and the Institute of Drilling Technology at Dehradun in Uttar Pradesh.

Treaty decision

The Japanese Cabinet yesterday decided to ratify the nuclear non-proliferation treaty following Parliamentary approval last month, Reuter reports from New Delhi. Ratification instruments are expected to be deposited next week with th original signatories the U.S., Britain and the Soviet Union, making Japan the 96th nation to ratify the treaty.

East Timor link

Indonesia yesterday reacted with calm assurance to the East Timor popular assembly's decision to integrate with Indonesia, UPI reports from Jakarta. There was no official reaction, but the evening newspaper Sinar Harapan said the act had been committed before the eyes of the world, although not all foreign diplomats residing in Jakarta who were invited to witness the ceremonies were present.

Syria steps up pressure

THE LEBANESE situation was the focus of activity in the Middle East yesterday, with Syria sending several hundred more troops into the country, in addition to the 2,000 (with 200 tanks) who entered on Monday night. Reliable estimates suggest that there are now at least 20,000 Syrian controlled troops in Lebanon, occupying about a third of the country.

The implications of the Lebanon situation were thought to be at the top of agenda for the visit to Syria of Soviet Premier Alexei Kosygin. It was believed in the Syrian capital, where he arrived yesterday, that Mr. Kosygin would try to reconcile the two rival Baathist regimes, Syria and Iraq, which have been bitterly divided over the Lebanon question.

The internal difficulties into which President Assad of Syria has run as a result of his intervention in Lebanon and the course that his policy may in future be expected to take, are discussed below by Richard Johns, Middle East Editor, who recently visited Damascus.

Conciliation moves by Kosygin

BY LOUIS FARES

DAMASCUS, June 1.

MR. ALEXEI KOSYGIN arrived here to-day from Baghdad at the invitation of the Syrian Government for a four-day visit—the first to Syria by a member of the Soviet troika.

In well-informed circles here it is expected that the Soviet Premier's main concern will be settling the differences between the two States ruled by rival Baathist regimes.

According to a Government source here yesterday, a number of commercial and economic treaties will be concluded between the two countries. "As a result of the visit our position vis-a-vis the current issues in the Middle East and the world will be unavoidably strengthened," he added.

Questioned here about Libya's attempt at mediation between Iraq and Syria, Mr. Ahmad Iskandar, Syrian Minister of Information, said: "Syria is in favour of gathering all Arab potentials to face the Israeli aggression. The future will not forgive anyone who fails in his duties in this respect."

Contacts between the two States have been resumed here recently, according to other official sources in Damascus. They said, however, that more time would be needed before "talks" materialised. Damascus is said to have left the door open leaving it to the Iraqis to take the initiative of "deciding the limits to the co-operation they want to have with Syria."

On the Lebanon, Mr. Iskandar said that the Syrian position remained unchanged "while that of the others has gone by all roads and bridges to satisfy selfish purposes." The Minister charged the parties to the second Sinai disengagement agreement—Egypt, Israel and the U.S.—of "implementing a plot and a slaughter against the people of Lebanon and the Palestinian revolution."

Mr. Iskandar said that Syria "will not spare an effort nor any sacrifice to prevent the partition of Lebanon."

He also attacked "those who *claim being progressive and Left-wing*." This was apparently a reference to Mr. Kamal Jumblatt and some of his allies.

Asked why Syria agreed last week to renew the mandate for the UN peacekeeping on the Golan Heights without any condition, Mr. Iskandar said: "We wanted to respond positively to a request by the UN and Dr. Kurt Waldheim to give the world community a further delay for achieving progress in their efforts to establish peace in the area.

"Our understanding of peace remains however unchanged: we want a total withdrawal by Israel from all the territories it captured in the 1967 June aggression and the recognition by Israel of the legitimate rights of the people of Palestine," he added.

Asked about a new American peace initiative in the Middle East in light of Dr. Henry Kissinger's statement last week that the U.S. would launch soon a new peace initiative in the area—Mr. Iskandar replied ironically: "I read that in the papers."

Finally, Mr. Iskandar referred to rumours in some Press reports about so-called troubles in Syria: "*This is all wishful thinking* by our enemies who are exasperated by our firm position vis-a-vis the Arab cause." However, he admitted that various parties in and outside the Arab world have been exercising "pressures: economic and political" to make Syria "bend its national heroic attitude."

SYRIA'S ROLE IN LEBANON

Assad in difficulties

BY RICHARD JOHNS, RECENTLY IN DAMASCUS

PRESIDENT Assad has been in power longer and given Syria greater stability than any other leader since the first post-independence coup of 1949. But now, because of Syria's involvement in the Lebanon, he is in a more precarious position than at any other time since he emerged triumphant from the struggle within the ruling Arab Baath Socialist Party in November. 1970.

The mediation policy is under fire for a number of overlapping and related reasons. First, it has brought Syria into confrontation with the "progressive forces" in the Lebanon and also with the main body of the Palestinian guerilla movement. Second, the mediation has so far not succeeded in achieving a settlement and is a burden on the country's increasingly strained finances. Third, the deep involvement is distracting attention from the more vital issue of recovering the Golan Heights. Fourth, the mediation has alienated the states of the radical Arab camp and has generally isolated Syria.

Ideology

It is not surprising that radical elements should voice criticism of the very moderate kind of political compromise Syria has been pressing for. Based on the agreement with President Franjieh in February, it would continue the confessional system and apportion power between Christians and Moslems on a 50:50 basis rather than on the traditional six-to-five ratio. President Assad would have argued that Syria has little choice but to work towards a moderate solution that avoided forcing the Christians into partition, installing in power an extreme Left-wing regime beyond the control of Damascus or inviting Israeli retaliation. The limited reform of the system fell far short of the Left's demand for a secular state and majority rule, and from the start it seemed something of an anomaly that such a solution should be sponsored by a Baathist state.

Baathist idealogy is Marxist in all but name. The party is nominally committed not only to socialist revolution in Syria but also to spreading is to other Arab with Syria, the Lebanon has been term strategy and the Baath a particular object of the long-countries. With its historic links logically be the left-wing Party's "natural allies" would elements there rather than Mr. Elias Sarkis, the new President-elect sponsored by Damascus.

While there is growing frustration that the mediation effort has in no way been conclusive, the involvement is proving a financial burden at a time of economic deterioration. It may be running as high as £S100m. ($25m.) monthly, or at an annual rate of $300m. Already this year the Government has lost over $100m. as a result of Iraq's decisions not to pump oil through the pipeline system to the Mediterranean, depriving Syria of the valuable transit dues, and to stop providing oil at the concessionary $3 per barrel rate after the end of last year.

Saudi Arabia is supplying oil for the Homs refinery (which is not designed for Syria's own heavy, sulphurous crude) but at the full commercial rate. So far this year there has been no aid from the Arabian oil producers of the kind which in the two years from October 1973 put Syria in a very favourable economic position. Instructions are understood to have been sent to ministries which have cut the rate of spending more than 25 per cent. below the levels set in the £S16bn. Syrian budget.

Because of the preoccupation with Lebanon Syria was unable to make any political capital out of the renewal of the mandate for the U.N Disengagement Observer Force on the Golan Heights which, in the event, proved to be something of an embarrassing anti-climax.

Partly as a result of the Lebanese imbroglio Syria is now more isolated than for a long time in a badly divided Arab world precisely at a time when it needs support for its policy of mediation. At present President Assad is only close to King Gussein of Jordan with whom he has been collaborating closely, even to the point of planning a union between the two states, primarily to create a solid "Eastern Front" against Israel. However, the relationship is offensive to the Palestinians and the ideologues of the Baath Party.

Bogged down in Lebanon, President Assad recently became convinced of the necessity for a partial "Arabisation" of the Lebanese mediation, at least on a political level. That was why Damascus originally gave a positive response to the abortive Saudi-Kuwaiti initiative aimed at bringing about an Egyptian-Syrian rapprochement. The quadripartite summit which was planned should have led to an endorsement by the other three

President Assad

Arab powers of Syria's role. The prospect of financial aid was another factor in Syria's acceptance of the invitation to the premiers' meeting which was to have prepared for the summit.

Yet Mr. Mahamoud Ayyoubi, the Syrian Premier, could not have attended the gathering without discussing the second Sinai disengagement agreement. After so much condemnation of Egypt's "treason," a failure to make any mention of the issue would have stretched the plausibility of the regime too far both at home and abroad. The hope was that, without compromising on the principle, agreement on co-ordinating policy in the future might be reached. It was dashed by Egypt's insistence that there should be no discussion of the Sinai pact.

Recent reports of arrests in Syria may have been exaggerated and the crackdown on suspect or dissenting elements may be peripheral to the core of the political problem facing President Assad—more a nervous reaction to the tension within the regime itself and the armed forces where the crucial debate is taking place. In official quarters the tendency is to dismiss the reports as the mischievous fabrications of the Lebanese Communist Party.

But well-informed observers within Damascus have no doubt that some arrests have been made over the past five or six weeks. Informed estimates last week put the number at anything from 40 to 300. The wide variation may be explained by the fact that the higher figure includes people taken into preventive detention or for "renewal of security clearance."

Most serious was the discovery of a pro-Iraqi cell which was uncovered towards the end of April or early in May, according to normally reliable sources. For several years now the rival Baathist regime in Baghdad President Assad's most bitter enemy, has been trying to buy support in Syria and is believed to have had a measure of success.

In addition, the security forces are said to have put behind bars supporters of Salah Jadid, the former Secretary-General of the Baath Party, who was ousted in the 1970 power struggle and is still in gaol.

The extent of differences within the regime over the Lebanese involvement are difficult to appraise because of the ultra-secrecy of the Baath Party, a pyramid structure composed of cells numbering no more than seven people. But the dissensions have been clear enough to any close observer of the Damascus scene. They emerged in April and came to a crisis point two weeks ago when both the Regional (or Syrian) and the National (pan-Arab) Commands of the Baath Party. After two weeks of intense debate the differences were patched up and a bland statement issued indicating that all would be well for the time being. Some Army officers have been more open in their criticism. On the one hand, the impatient feeling has been expressed that the Army should move in and disarm the combatants in Lebanon. On the other, there is the more widespread complaint that the nation's attention is being absorbed there when it should be directed to the liberation of occupied territory.

President Assad will now need all the strong nerve, dogged determination and political acumen for which he is justly famed. To preserve his position he will probably have to shift from his middle-of-the-road course to a more radical stance in both his Lebanese and pan-Arab policies—with incalculable consequences for the Middle East peace negotiating process.

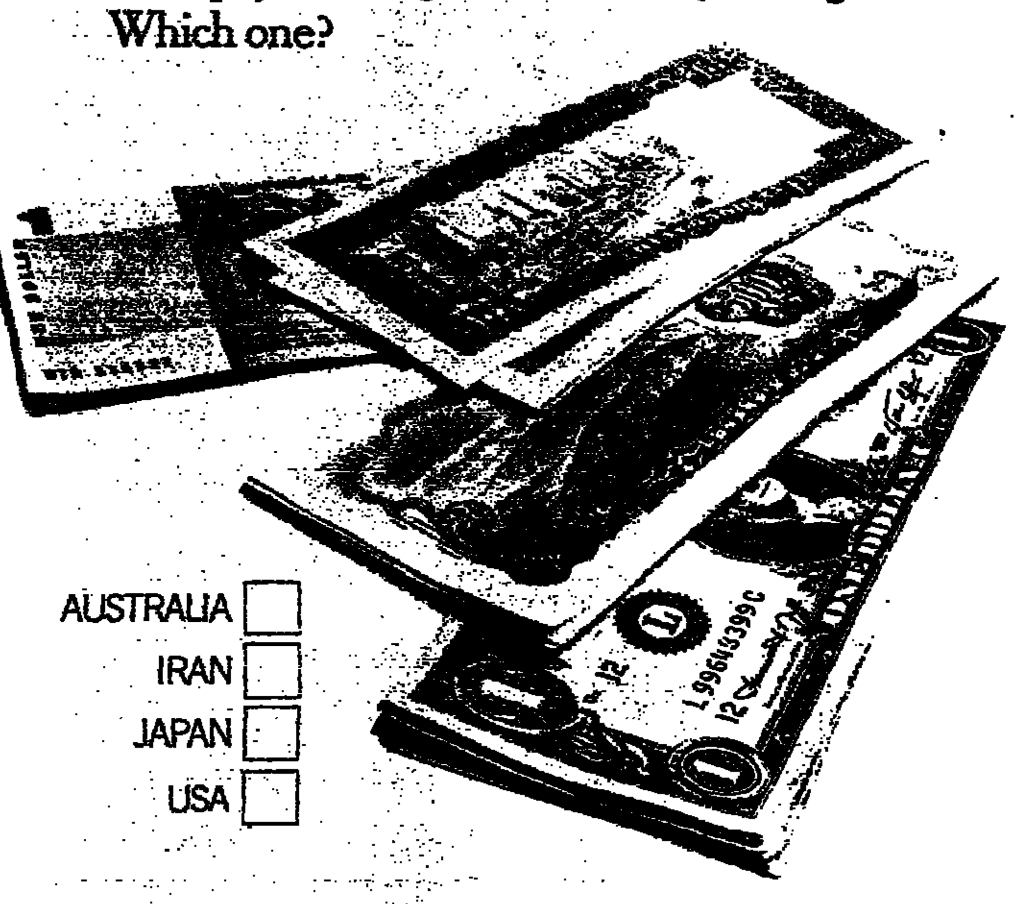
Dialogue

He is believed to have concluded that something more far-reaching than the reform programme agreed in February will probably be required for the Lebanon. When he visited the area two weeks ago Mr. Abdesalem Jalloud, the Libyan Premier, is said to have obtained his agreement to the opening by Syria of a dialogue with the "progressive forces" there and also the start of round table consultations under Mr. Sarkis of all the warring parties.

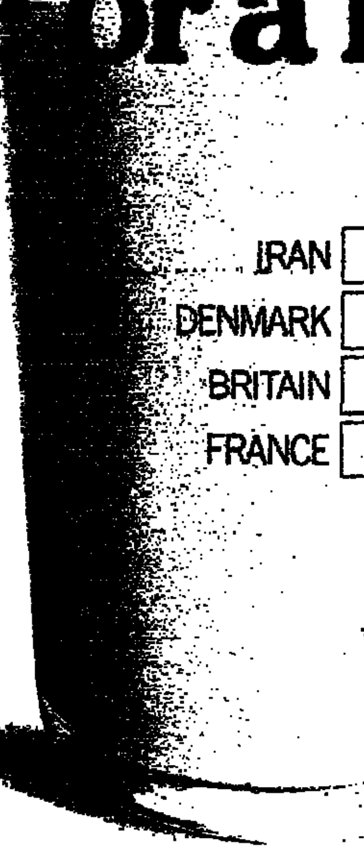
Then late last week Syria let it be known through the Beirut press that it was participating with Iraq, Libya, Algeria, Jordan and the Palestinians in a plan for a "Rejection Front" opposed to "defeatist solutions" to the Arab-Israeli conflict. While his moves in that direction may be a ploy to cover up embarrassment about the unconditional UNDOF renewal they seem to amount to a significant shift.

Which country provides every schoolchild with one of these or a meal free everyday?

Last year one of these countries boosted Britain's balance of payments by doubling its spending with us. Which one?

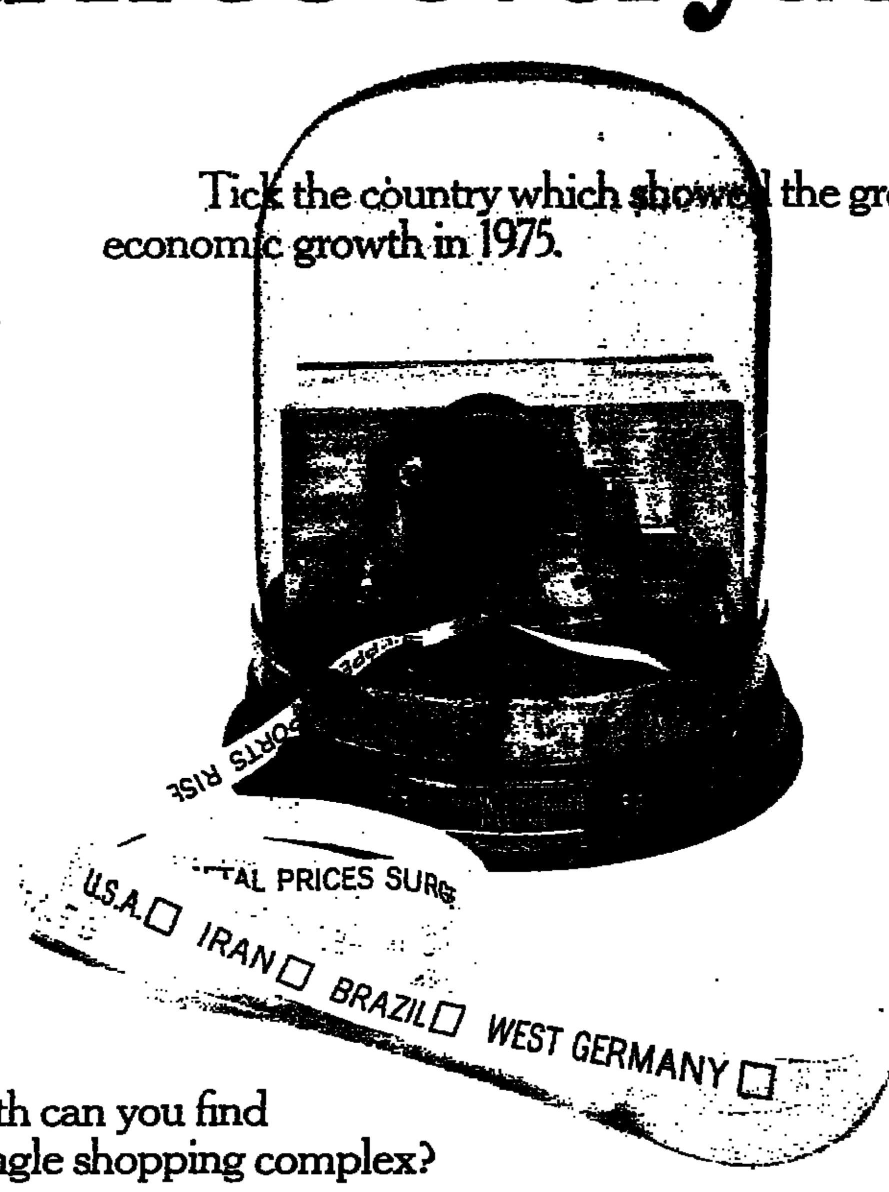


AUSTRALIA ☐ IRAN ☐ JAPAN ☐ USA ☐



IRAN ☐ DENMARK ☐ BRITAIN ☐ FRANCE ☐

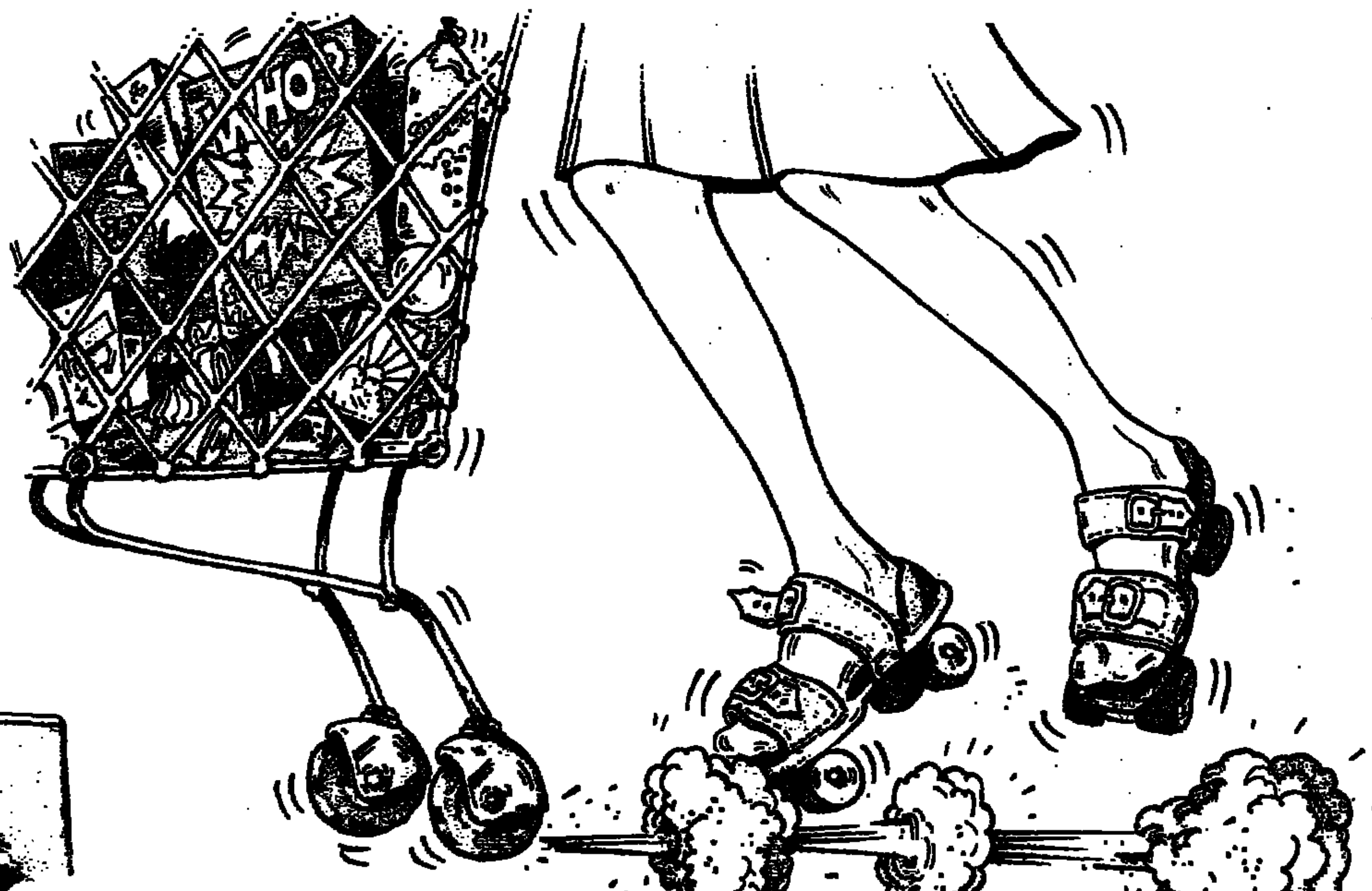
Tick the country which showed the greatest economic growth in 1975.



U.S.A. ☐ IRAN ☐ BRAZIL ☐ WEST GERMANY ☐

Where on earth can you find 6,000 shops in a single shopping complex?

CANADA ☐ SWEDEN ☐ IRAN ☐ ITALY ☐



Russia has the world's largest reserves of natural gas. Who is No.2?

ARGENTINA ☐ BRITAIN ☐ NORWAY ☐ IRAN ☐

Only one of these airlines flies to London, New York, Moscow, Peking and Tokyo. Which is it?

PAN AM ☐ LUFTHANSA ☐ BRITISH AIRWAYS ☐ IRAN AIR ☐

Iran. Iran. Iran. Iran. Iran. And Iran Air. They're the answers. They really are. And if you got them right, well done.

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And it's not as if you won't find pretty girls on our planes, either. You will. From France, Germany and England as well as from Iran.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Lifts loads in rough seas

TAKING LOADS from supply vessels on to offshore platforms in the North Sea can rarely be done in a flat calm. Usually there is considerable relative vertical movement, requiring great skill on the part of the crane driver and a deck slinger to lift the load without imposing undue shock on the goods or the crane. For this reason platform cranes are often de-rated by as much as 60 per cent.

The problem is the subject of continuing research, and one solution already in action is Clarke Chapman's "motion compensation" hoist barrel. (*Technical Page, March 12*). Now another British company, Offshore-Hydro, Rooth Street, Georges Road, Industrial Estate, Stockport, Cheshire SK4 1BP (061-480 9625), has developed a hydropneumatic unit in a range of sizes capable of lifting loads up to 100 tons, with no "snatch."

Called the Crestpicker, the device is attached to the crane hook, and carries its own hook on what may be described as a pair of oleo struts. Once the hook is attached to the load, the hoist is pulled taut. Wave motion pumps the struts to provide pressure in a hydropneumatic accumulator. The falls remain taut as the vessel moves up and down (up to 25ft. can be accommodated). The power in the accumulator is automatically released to the hoisting strut as the vessel reaches a wave crest, and the load is smoothly lifted free.

Loads can be lowered in the same way, using the device to "cushion" the descent.

Some astonishing claims are made for the Crestpicker. Because crane work can continue even in Force eight seas, the company says the completion date for offshore structures could be advanced by up to 30 per cent., and estimates that a unit capable of lifting 60 tons could recover its capital investment in five days on a piling contract.

Prices range from £8,000 for the eight-ton load version to £25,000 for one capable of lifting 100 tons. The unit for the latter would weigh about 6½ tons.

The company says that one of the oil majors has installed a prototype on a platform in the Norwegian sector and is reported as "delighted" with the results.

Electronics in belt weighers

IN ANTICIPATION of the implementation of new EEC Regulations for belt weighers for trade use, Avery Parsons of Dewsbury has built an electronic belt weigher. Digiflow weighers retain the summating principle of mechanical predecessors. They combine the added advantage of digital computation from measurements of weight by precision load cells and of belt length by digital odometer.

Digital computation should not be confused with digital display, although this is also provided. The real step forward is in the means of computing the totalised weight from the instantaneous weight and belt length measurements. This is achieved by true digital arithmetic—the simple counting of discrete weight pulses whose value cannot change.

Pulses cannot be lost or gained and circuits, unlike their analogue equivalents, cannot drift with environmental or power supply variations.

Totalising is based on the digital summation of weight pulses at measured intervals of belt length travel. The dual function digital flow rate display acts as a high resolution totaliser for accurate zero setting in the empty belt condition.

Weight variations due to changes in the weight of the empty belt are eliminated by positive/negative totalising with a push button initiated automatic zero setting device that memorises the belt circuit time, computes the required zero adjustment from the net weight change and automatically corrects.

Avery Parsons, POB5, Scout Hill, Dewsbury, West Yorkshire, WF13 3RF. (0924 468317.)

● MATERIALS

Prevents unwanted reflections

GLARECHEQ is the name given to a passive coating and application technique for acrylic and similar materials to lessen reflection of light from the surface. Transmittance is high for back-lit subjects including digital readouts, oscilloscope traces and the like. The total effect is to enhance contrast and since the matt finish can go on coloured acrylics, it is simple to achieve image enhancement of high degree.

Suitable for interior and exterior applications, the finish can be made more or less dense to suit the use. The acrylic need not be a flat surface—the manufacturer will evaluate convex or concave shapes on request.

Window display cases, video equipment, diode or liquid crystal displays all can be made more visible in difficult lighting conditions. Moreover, treated acrylic panels for electronic sub-assemblies can be prepared as fully legended blanks with mounting holes positioned for the switches, lamps and dials etc.

Further from Chequers Engraving, 10, Christina Street, London, E.C.2. 01-739 6964.

● INSTRUMENTS

Electron microscopes for hire

FOR WHAT is believed to be the first time in the U.K., scanning electron microscopes (SEM) are available on hire by the month, installed in the customer's own laboratory.

The service is offered by International Scientific Instruments, Incorporated, (U.K.), Waterwitch House, Exeter Road, Newmarket, Suffolk (0638 5031), which says an instrument can be delivered, installed, and collected for £300 a month—with operator training included.

The SEM available has a TV display and is capable of visual observation from 20x to 20,000x. It will produce micrographs with magnifications from 20x to above 10,000x.

Micrometer made more sensitive

IN A SEARCH for the highest possible sensitivity in linear measurement, a Belgian company has been doing a considerable amount of work on industrial micrometers, with the intention of establishing a relationship between the finest definition of the system and the half-wavelength of the Helium-Neon laser light.

The device which has been built is independent of any fixed measurement system, simply because to introduce a given basic "length" would tend to introduce a series of perturbations in the micrometer system itself.

As it is conceived, it takes into account only movements of rolling and/or pivoting on extremely smooth surfaces with drive by small motor or stepping motors, as the case may be.

The design has been patented and is applicable to many situations in industry. Further information from Maison Collard-Gerin, rue St. Leonard 229, B-4000 Liege, Belgium.

Colony counter

SOME laboratories in the food and dairy industries need to count the colonies that develop on a large number of culture plates, and John Burge (Equipment) has introduced a television-aided system to speed the process up.

Made by Artek in the U.S., it can count up to 9,999 colonies of any size between 0.3 mm and "several millimetres." An accessory lens reduces the minimum to 0.15 mm.

A bright dot is automatically superimposed on the TV image of every colony counted. Correct adjustment of the instrument is obtained by turning a level control until the dots appear stable over the smallest objects to be counted. Depression of a button then produces a read-out of objects within the counting area—a variable diameter, variably positionable circle.

The instrument requires no special technical training to use and saves hours of a technician's time that can be devoted to other tasks. More from 35, Furze Platt Road, Maidenhead, Berks. SL6 7NE (Maidenhead 27840).

Several dimensions measured

A MECHANICAL gauging system enabling multi-dimensional inspection fixtures to be built as required from a range of standard units has been put on the market by Herbert Controls and Instruments, Spring Road, Letchworth, Herts. SG6 4AJ (04626 3841).

The Sigmaster system employs a series of bases, work-holding units and measuring units which can be easily assembled by the customer to meet many common inspection needs, including diameter, length, concentricity, groove width and shoulder width. If the requirement alters the fixture can be rapidly dismantled, allowing the individual units to be used for other jobs.

Sigmaster uses ball sleeve bearing linear displacement transducers and Herbert's Sigmaflash electronic column to measure dimensions. A 12-page handbook is available from the company.

● COMPONENTS

Butterfly valves

A RANGE of butterfly valves, in sizes from 2 inches to 12 inches and offered in lug, flanged or wafer types, is being made under licence by V.I.A. in Dusseldorf and marketed in the U.K. by an associate, Loba (Industrial Products), P.O. Box 7, London E6 2JP (01-471 8121).

Of American design, the valves have a soft seating formed by bonding a resilient elastomer inside a rigid plastic back-up ring which forms the outer periphery of the seat. The seat is slip-fitted into the valve body enabling speedy replacement when necessary without the use of special tools. The one-piece valve bodies and the valve seats are available in a variety of different materials to meet special applications.

In the closed position, the disc rim and stem seal lands form an uninterrupted line of sealing contact with the resilient seal, and thus ensure drop tight sealing at the rated shut-off pressure of between 1 and 250 psi.

● SAFETY

Short term gas leak services

HAZARD Control, gas detection and atmospheric safety specialists, is offering an instrument hire service for companies who have a short-term toxic or explosive gas leak detection and measurement requirement.

Available instruments cover oxygen monitoring, personal sampling units for toxic gas, toxic gas spot test kits, gas leak detectors, portable explosive gas detectors and transportable toxic gas detectors. Apart from hydrocarbon vapours, the materials that can be detected are: toluene diisocyanate, sulphur dioxide, chlorine, hydrogen sulphide, nitrogen dioxide, phosgene and vinyl chloride.

Units for pinpointing leakages of gases with a different thermal conductivity to that of air can be provided, for use on pressurised plant. Instruments are available for hire on weekly or monthly periods, the minimum term being three days.

Details from Hazard Control, 61 High Street, Barnet, Herts. 01-449 3580.

● DATA PROCESSING

Helping the users of minis

SOFTWARE Implementation has established a new division to handle growing business in turnkey systems, mainly based on minicomputers.

Headed by Mike Anderton, formerly responsible for turnkey operations at Scicon, the division will carry on from the company which has already completed a number of systems. It will act as a single independent supplier, implementing and maintaining the total package.

The division is already negotiating contracts with a number of companies, from a small first-time user system to a project for a large organisation with an existing mainframe data processing service.

Software Implementation is at VLI House, 68 St. Martin's Lane, London WC2. 01-836 8411.

GLC to use a vast database

ADABAS data base management system has been installed at County Hall London in a move towards implementing one of the largest databases so far attempted, if not the largest.

It was decided on in a final contest between four producers, including IBM with its own IMS.

Initially, it is being used on GLC's IBM 370/158 to handle housing property information and has helped GLC staff to extract information in a way that would have been previously difficult to achieve. Step by step, over a period of four years, the database will be expanded to cover a very great amount of detail on as many as 210,000 rented properties and the package will be used to extract information that at present is locked up in a multitude of filing systems.

The GLC has a 2½ years commitment to the ADABAS package and performance of the scheme is to be reviewed at the end of the current financial year. However, the housing management committee anticipates very substantial savings in time now consumed in searching through reams of papers.

But this is not the only benefit. Possibly more important, as the various sources of information are consolidated and reconciled will be the ease with which analyses of various types of construction, equipment provided to householders, maintenance schedules and so on will be extracted for very large numbers of dwellings.

It will centralise data now kept in different sections of the housing department; sections which have had to work out their own salvation as to how the details are filed, thus without true standardisation across the various departments.

There are currently six computer schemes operating, each with their own files separately kept up to date. Inevitably there is a good deal of duplication on these records. The new arrangements will link all this information, remove the duplication and—it is hoped—get the records straight throughout.

Particularly unacceptable, in a period when prompt collection of rents is essential, is the fact that there are discrepancies between the master rents file and the FRESH scheme—fortnightly rent accounting. The two were developed independently and reports and statistics cannot be extracted fast enough to allow for up-to-date management techniques.

The rents master file is to be incorporated into the new databank.

More information from GLC's housing management committee or from Adabas on 61 Grosvenor Street, London W1X 9DA (01-409 2039).

NCC attack on COBOL

IT TAKES some gall to make a direct attack on so well-established a programming language as COBOL, but that is what the National Computing Centre is doing with its release of what is described as a high-level programming system which has its own built-in capability for management reporting—namely FTL6.

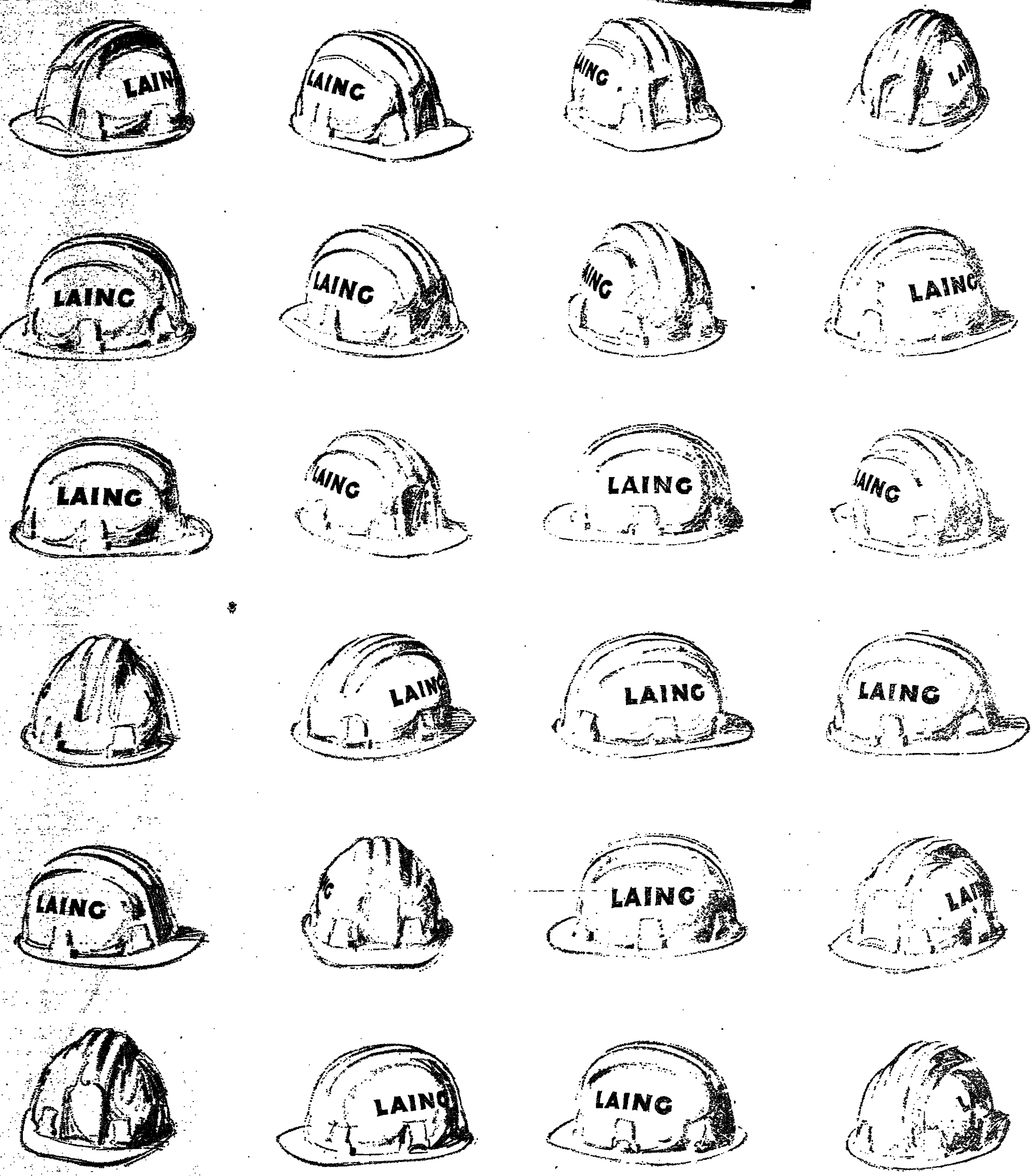
Derived from Filetab, the file maintenance and reporting program which NCC has sold to some 400 users world-wide, FTL6 has already been taken up pre-launch by 18 users, mainly in the U.K., of course.

Significant in its trial use is the experience of the Central Computer Agency which has been trying out the new offering in a number of applications at its Norwich centre. The upshot of the work is that on the various routines tested, FTL6 takes half the time in compiling compared with COBOL and uses considerably less core during running time.

The next step will be to set up a small system of seven or eight programs to run entirely in the language and make a further assessment. But already, enough is known about FTL6 to make any COBOL user want to find out a great deal more, particularly on small machines with limited storage.

The introduction is for 1900 and 2903 machines, and whether or not Honeywell and Univac versions are produced will depend on interest. Filetab itself is of course available in ICL, IBM, Univac, Honeywell and other variants, with more on the stocks.

NCC, Oxford Road, Manchester M1 7ED. 061 228 6333.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HOME NEWS

NORTH SEA EXPLORATION LICENCES

Offers soon for concessions beyond the 62nd parallel

BY RAY DAFTER, ENERGY CORRESPONDENT

THE SEARCH for oil and gas in the most northerly waters of the North Sea, above the 62nd parallel, is to begin in 1978.

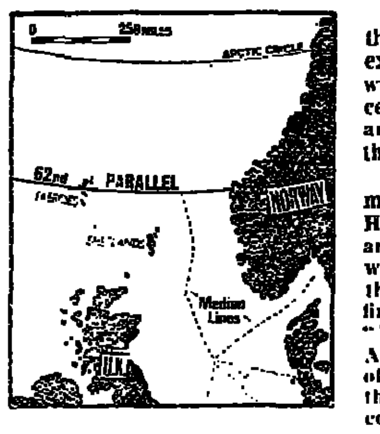
The first licences will almost certainly be offered by the Norwegian Government sometime next year. Contrary to earlier reports it seems that British companies and other international oil concerns will be invited to take part in the exploration.

There had been reports in the industry that no foreign involvement would be allowed and that the first round of licences would be confined to Norwegian interests: Statoil, the State-owned company; Norsk Hydro and Saga Petroleum.

Interest

The northern extension of offshore operations will be of particular interest to the British Government and the U.K. oil industry. Future oil and gas supplies are expected to come from north of the 62nd parallel on the British side of the median line.

The British and Norwegian Governments are currently negotiating the exact path of the median line between the two countries, north of the



62nd parallel. The location is a vital issue, for there is believed to be a large oil or gas field lying along the probable median line.

If this structure proves to be commercial the Governments and industry could be faced with a repeat of the situation further south where both the important Frigg and Statfjord fields straddle the median line.

On June 7 Norway will also begin a new round of negotiations with the Soviet Union on the demarcation line for the continental shelf in the Barents Sea.

The first round of licences in these northern waters is expected to be quite small. It will probably comprise concessions off central Norway and off the northern coast of the country.

Mr. Torvild Aakvaag, managing director of Norsk Hydro's oil division, said that an international oil presence would be needed to broaden the technical, managerial and financial scope of exploration. "These waters extend into the Arctic area where a new set of problems will arise." It is thought that no foreign oil company will be allowed to act as operator in the first round of licences north of the 62nd parallel, however.

Mr. Aakvaag and other representatives from the Norwegian Government and oil industry were speaking in London at a reception to launch the Offshore North Sea Technology Conference and Exhibition to be held in Stavanger in September. The problems involved in exploration and development in these northern waters will be featured at the conference.

It was also learned yesterday that talks are progressing on the possible establishment of an international marine task force to safeguard offshore structures in the North Sea. A meeting is to be held to-day in Norway at which North Sea countries—among them the U.K., Norway, Netherlands, Denmark and Germany—will discuss security arrangements.

Patrol

The meeting, which will be at civil service level, will look at the possibility of setting up an international coastguard service to patrol the North Sea. The possibility of countries providing their own naval support will also be raised.

● Oil deliveries fell by 2.6 per cent. during the first three months of this year, according to Institute of Petroleum figures released yesterday. There was a decline of just under 650,000 tons compared with the first quarter of 1975.

Several products, however, saw an increase. Among these were jet fuel, burning oil (up 11.1 per cent.), derv and gas/diesel oil. Petrol demand went up by 3.6 per cent., or 202,200 tons, but fuel oil deliveries continued their downward move with another decline of 1.4m. tons (13.9 per cent.).

Low number at Sound, Vision show

By Our Midlands Correspondent

ATTENDANCE AT the first public show in the National Exhibition Centre near Birmingham—Sound and Vision '76—was disappointing. As the show began packing up yesterday, possible implications of the low number of visitors were being studied by the Association of Exhibition organisers, which originally opposed the NEC project, and by the sponsors, the British Radio Equipment Manufacturers' Association.

The show was the successor to the Radio Show last held 10 years ago at Olympia, but included the whole range of modern hi-fi, cassettes, colour TV and other equipment. It opened last Friday.

The organisers had expected 150,000 people to attend and had spent nearly £60,000 on publicising the three and a half day exhibition. But only 70,000 70p admission tickets were sold—a figure that excludes many of those arriving by rail and those having family tickets.

The interested parties want to know whether the shortfall was due to the weather, to counter-attraction—the Lord Mayor of Birmingham Show attracted 150,000, the holiday exodus helped to jam the nearby M5, special events in the park were well attended and Water '76 was being held nearby at the National Agricultural Centre—or to some other factor.

Experimental plastics factory for hire to product-testers

BY DAVID FISHLOCK, SCIENCE EDITOR

A £150,000 experimental factory whose facilities can be hired by the industrial entrepreneur to explore a new product or manufacturing process is being commissioned near Shrewsbury this week.

The Rubber and Plastics Research Association (RAPRA), a contract research centre for polymer processing, has completed the 10,000 square feet factory with the help of a grant of £100,000 from the Department of Industry.

According to Dr. Malcolm Hall, in charge of the scheme, the factory is available to industry on a "turnkey" basis in which it would try to take a new venture all the way from the drawing board into production in order to demonstrate its commercial attractions.

Although it has not yet secured a "turnkey" contract—two are under negotiation—its initial contracts include one from ICI to study the performance and mechanisms of failure of complete systems of pipeworks constructed from glass-reinforced plastics.

The idea for the experimental factory—known as the Polymer Products Development Centre—arose through a decision in 1974 to change the emphasis of investigation at RAPRA from materials research to product development, following the 1972 National Economic Development Office report: "The Plastics Industry and its Prospects." A study by RAPRA at that time indicated that such an experimental factory was one way of helping industry to exploit its new ideas.

The Department of Industry accepted a proposal for government finance for the scheme on the understanding that industry would contribute an equal amount. In the event, industry's contribution was made available from the resources of RAPRA, whose total income for the current year is expected to be about £1m.

Dr. Hall stresses that the new facility is not a laboratory but has been deliberately designed as a polymer engineering factory and will enable his team to investigate a venture under factory conditions through every stage from market research to the market place.

One of the strongest motives for raising standards of polymer engineering, says Dr. Hall, is that the recent increases in the price of oil-based materials has reduced the attraction of over-designing an engineering part in plastics or rubber to make up for any uncertainties in its properties or processing.

The facility is closely related to that of the "teaching factory," an idea of the Science Research Council for training production engineers under conditions analogous to the role of the teaching hospital in medicine.

It als orelates closely to a new joint venture launched recently by the British Plastics Federation, the British Rubber Manufacturers' Association and Science Research Council, setting up a polymer engineering directorate under Dr. Tony Challis for training more experts in polymer engineering.

Gas terminal plan for North West

THE BRITISH Gas Corporation is considering building a natural gas terminal on the North West coast, it was revealed yesterday. The decision to build will largely depend on the results of wells drilled in the Irish Sea this year.

It should be known at the end of the year whether gas is present in sufficient quantities to justify extraction.

British Gas said the results of the drilling programme were being analysed, but the decision to build a terminal would depend on the quantity of gas present.

West called to second economic summit

By Our Lobby Editor

THE Prime Minister, has received an invitation from President Ford to attend a Western economic summit, probably in the Caribbean, this summer. According to 10, Downing Street, the invitation is being "favourably considered."

The summit meeting would be a sequel to a similar gathering at Rambouillet in France last November.

The participating countries then were the U.S., Britain, France, West Germany, Japan and Italy. It is understood that all these countries have received invitations from President Ford, with the addition this time of Canada.

No decision has yet been reached on timing, although late July is mentioned as a possibility. Either the Virgin Islands or Puerto Rico is expected to be the venue.

As at Rambouillet, the participants are likely to range over the whole field of economic, financial and trade questions, including the position of various currencies, including sterling.

Mr. Callaghan has not met President Ford since becoming Prime Minister although they met at Rambouillet, which Mr. Callaghan attended as Foreign Secretary.

Cohesion

● Adrian Dick writes from Bonn: West Germany's Chancellor Helmut Schmidt was first sounded out by the Americans about the possibility of holding a new summit meeting more than four weeks ago, according to officials here. He was said to have agreed enthusiastically.

The meeting is expected to review the results of the series of understandings reached at the Rambouillet talks last autumn.

The most important aspects of the economic picture, in the German view, are likely to be the status of the industrialised countries' pledge not to resort to trade restrictions—seriously breached by the Italians—and of relations with the Third World.

Herr Schmidt is likely to press again for minimal interpretation of the Nairobi compromise on commodity price agreements, which his Government has defended as a political necessity, while continuing to attack economic dirigism.

Inseparable from these issues will be the cohesion of the major industrialised powers, demonstrated to be so shaky at Nairobi. The Germans fear they may be dealing at the meeting with an Italian Government in which the Communists have a place.

New port supremo at Felixstowe Dock

BY JOHN WYLES, SHIPPING CORRESPONDENT

EUROPEAN FERRIES' boardroom changes at the Felixstowe Dock and Railway Company continued yesterday with the appointment of Mr. Geoffrey Parker as new managing director for the port, only four days after renewed attempts to prevent Felixstowe's falling into the control of the British Transport Docks Board.

The BTDB was still analysing yesterday the implications of a letter from the Felixstowe Board that it was withdrawing from the agreement to sell the port to the BTDB made last December. This deal was made before European Ferries' successful takeover bid two months ago which has been followed by the resignation of all but three of the directors who voted for the original BTDB agreement.

The privat eBill empowering the BTDB to take over Felixstowe for £5.24m. is due for a Second Reading in the Lords towards the end of this month. But the new Felixstowe directors have told the BTDB that the Bill should now be dropped because of their withdrawal from the agreement.

At the start of what is bound to be a complicated legal wrangle, Felixstowe is arguing, among other things, that the Bill was materially changed during its Commons committee stage by an amendment degreeing that any change in the Felixstowe-BTDB agreement must be sanctioned by Parliament.

The agreement gives either party the right to withdraw if an unacceptable material alteration is made to the Bill before it reaches the Lords Second Reading stage.

The BTDB could accept Felixstowe's interpretation, although this seems unlikely, or it could press ahead with the takeover Bill, at the same time as using an arbitration procedure set out in the agreement to deal with any differences of view between the two sides.

Mr. Geoffrey J. Parker, Felixstowe's new managing director, has been managing director of services of European Ferries' Townsend Thoresen and Transport Ferry Services subsidiaries since 1974. Mr. Parker has been appointed "for the period of reorganisation until the end of the year," by which time it should be clear whether European Ferries will retain control of Felixstowe and also whether Mr. R. O. Stevenson, the port's general manager, will return to his desk.

Mr. Stevenson left for six months paid leave at the end of April because, it is said, he felt unable to join new Felixstowe Board in view of his commitment to the BTDB agreement as a member of the pre-takeover Board.

Jersey company on tank engine export charges

BY OUR JERSEY CORRESPONDENT

THE ST. HELIER, Jersey company, Technical Support and Services, has been summoned to appear at the island's Royal Court on June 18 to answer 16 charges related to allegations that Centurion tank engines were exported to South Africa in contravention of U.K. Ministry of Defence policy.

The summonses were issued by Mr. Vernon Tomes, the island's Attorney General, following a local investigation into possible breaches of insular export regulations by the company—a subsidiary of Aviation Jersey.

The charges, all relate to the period from August 12 to December 8 last year. Eight of them allege that false documents were isued, falsely describing goods as petrol engine spares to obtain export licences in contravention of Section 1 (4) of the Import and Export Control Jersey Law, 1946. A further eight charges allege contravention of the Import and Export Control Jersey Order, 1954, by exporting armoured fighting vehicle spare parts without licences from the island's Finance and Economic Committee.

At the company's headquarters at La Haule, Jersey, yesterday, a spokesman said: "We have no statement to make."

Allegations about the export of Centurion tank engines to South Africa by Aviation Jersey were first made public in March and led to questions in the Commons.

On March 17, when inquiries were started in Jersey, the Ministry of Defence disclosed that it, too, had ordered that an inquiry be conducted by Sir Philip Allen, a member of the Security Commission

Except for an initial comment stating that any dealings with South Africa were with the knowledge of the Ministry, Aviation Jersey has remained silent.

HOME NEWS

Co-op seeks assurance on bank from Callaghan

BY ELINOR GOODMAN

THE PRIME MINISTER is to meet the Co-operative Movement's Parliamentary group shortly to discuss the future role of the movement in this country. The Co-op group is expected to seek an assurance that any plans to nationalise the clearing banks do not involve the Co-op Bank, which recently gained clearing bank status.

It will also urge the Prime Minister to put his weight behind the idea of setting up a Co-operative Development Agency to help finance Co-op investment.

There is considerable anxiety within the Co-operative movement that the Labour Party national executive may persuade the Government to expand public ownership into the field of City institutions, in which the Co-op is represented both by the Co-op Bank and the Co-operative Insurance Society.

Co-op representatives will point out that the Co-op Bank is already publicly owned by its 10m. members and that the Bank of England, in consultation with the Treasury, already has the power to influence its banking and investment policies where necessary.

The meeting was announced yesterday at the Co-op's congress, the movement's annual "parliament," in Margate by Mr. John Parkinson, chairman of the Co-op Party. Though the Parliamentary group met Sir Harold Wilson several times during his premiership, this is the first time it will have seen Mr. James Callaghan. The meeting is expected to cover the whole spectrum of the movement's activities.

The idea of the CDA was first mooted several years ago and was included in the 1974 Labour Party Manifesto. The scheme was again incorporated in the Programme for Britain, 1976, published last week by the Labour Party's national executive; but it now looks as if the funds may be more limited in its application than originally envisaged.

The *feeling* in Whitehall is that the Government cannot commit money to the retailing activities of the *movement* at a time when it is trying to limit public expenditure.

For this reason, it is *possible* that if and when the CDA is *eventually set up, the money* will be allocated to the development of worker co-operatives and not to the retail side. There are 224 retail co-ops.

The Co-op Union, the movement's central co-ordinating body, is now preparing a new submission making it clear that it expects the State agency to back all forms of Co-operative development. But some members of the party now appear to accept that the Government may have to exercise some control over where the money goes.

Delegates at Margate yesterday unanimously agreed that the inquiry into the possible merger of the Co-op Union and the central buying and manufacturing unit, the Co-operative Wholesale Society, should continue. The inquiry was initiated at last year's Congress, but the committee says it needs more time to make its recommendations.

U.K. air traffic rises 11%

By Michael Donne,
Aerospace Correspondent

A FURTHER indication that the recession in world air transport has effectively ended is contained in the latest figures for traffic moving through U.K. airports in March and April this year, which show a rise of nearly 11 per cent. on the corresponding period of 1975.

The British Airports Authority has deliberately taken the two months together, in issuing the figures, to avoid distortions resulting from the Easter holiday, which occurred in March in 1975 and in April this year.

Total traffic through all its airports (Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen) amounted to 4.9m. passengers, while the number of aircraft movements was 71,687, or 9.5 per cent. more than a year ago.

Nearly 3.5m passengers passed through Heathrow in the two months, up 7.6 per cent. on a year earlier. Aircraft movements at 41,230 showed only a slight fall—reflecting the increasing use of the bigger wide-bodied Jumbos and other jets.

Cargo, however, is still depressed, with the Heathrow tonnage handled declining by 7.4 per cent., and total cargo handled at all the BAA airports falling by 3 per cent. over the year.

● NEWS ANALYSIS—CALCULATORS

Getting the sums right

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

TWO OF the best-known names in the calculator world, CBM (or "Commodore") and Sinclair, should become even more common later this year with their competitiveness improved by an apparently secure EEC decision to lift tariffs on imports of displays from the beginning of next month.

It also lifts the short-term threat of the two companies shifting their manufacture overseas.

As the section which lights up and gives the answer to a sum, a calculator's display is crucial to the user.

Both CBM and Sinclair are completely dependent on imports of displays from outside the Community. CBM is in a similar position on integrated circuits, though Sinclair takes most of its supply from Scotland. Displays and circuits are the most significant components of hand-held calculators, accounting for more than half their manufacturing cost.

Complain

Since last year, the two companies have been lobbying Whitehall on at least two fronts. They complained that import duty on displays and integrated circuits for calculators was being charged at 17.6 per cent. (the classification for general semiconductor devices) rather than at 9.9 per cent. (the category for specific calculator components). Complete calculators normally carry a duty of only 12.7 per cent., so U.K. assemblers were in effect being penalised against their Japanese and U.S. competitors.

They have been in an even worse position vis-à-vis complete calculator imports from the developing countries—such as Korea, Taiwan and Hong Kong—since these come in duty free, subject to an EEC-wide quota. It was only after strong British lobbying that the quota was declared filled, and duty enforced for the final month of 1975. The U.K. industry expects it to take until July or August for the same to happen this year, though it claims the quota was passed more than a month ago.

Nearly a fifth of U.K. imports of complete calculators of all types come from these so-called "GSP" (Generalised System of Preferences) countries. But one top industry source claims that these countries are the source of about half the imports of low-priced hand-held calculators—directly competitive with the type which accounts for the bulk of U.K. output. About half the calculators sold in the U.K. last year for about £50m., are thought to have been imported.

The activation — albeit belatedly—of the quota regulation gave the U.K. industry some relief, but the crucial decision has been the suspension of all duty on imports of calculator displays for six months, starting on July 1. This is officially described as a trial period, but there are high hopes of its being made permanent.

Proposals for a reduction in the 17.6 per cent. duty on displays had been blocked by France and West Germany, on the grounds that there were several suitable display producers within the Community. The British protested that this was not correct, and their case now appears to have been accepted.

There seems little chance of a similar move on circuits, because of manufacture in the EEC. Calls *for a reduction from 17.6 per* cent. to 9.9 per cent. have been *rejected on the grounds that* customs officials could not tell which circuits were suitable only for calculators.

Tariff levels are a particularly significant factor in competition in the calculator market, since sales margins are so low. In the U.S. several manufacturers have either closed plants or are threatening to do so, complaining of duty-free imports from the GSP countries.

Tariffs were one of the factors in Rockwell's decision to close several assembly plants, including one at Portsmouth, in Britain. By contrast, Mr. Tom Self, the U.K. managing director of Canadian-owned CBM, says the EEC changes "make our Durham operation (at Eaglescliffe) more cost-effective than was previously the case." Eaglescliffe employs about 200 people.

CBM made about 2m. calculator units last year, at a profit, and will be up to an annual rate of 3.6m. by the end of 1976. Sinclair will have more than doubled its current annual rate of 360,000 by then, according to Mr. Clive Sinclair, its chairman, who forecasts that the EEC moves will "transform our pricing" and make his 250-person-strong company much more competitive.

Strategy

Another element in Sinclair's strategy for climbing out of the red is to introduce a range of new products, including some right at the bottom end of the market in price terms. He also seems to be moving towards in-house assembly.

The attraction of moving manufacture overseas for both Sinclair and CBM has been that labour rates in Far East countries (other than Japan) have been lower than in the U.K., as are tariffs on imported components. The EEC decision has eased the second problem, and the falling pound has changed the picture on the first. Apart from County Durham, CBM already has plants in the U.S. and the Far East.

Sinclair may also start Far East assembly but only in certain products. Mr. Sinclair now insists that he will "very definitely" not be joining the list of companies which have closed down their U.K. calculator manufacture.

Beer output highest recorded for April

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BEER production recovered well in April, with daily output moving above 1975 levels for the first time this year.

Statistics to be released soon will show production for April as 3.26m. bulk barrels (288 pints to the barrel), the best for that month since figures were first collected in their current form in 1929. The month's output is 2.1 per cent. ahead of the 3.2m. barrels rolled out in April 1975.

But this year there were two fewer working days in the month, which indicates a 12 per cent. jump in the daily rate of production.

Factors affecting production in April included some stocking up by retailers in advance of the Budget because many guessed—correctly—that the Chancellor would increase the duty on beer.

The trend towards stock building was also accelerated to some extent by expectations of May price increases from the brewers themselves — another accurate guess.

However, in spite of these factors, trade estimates are that sales in April were probably around 10 per cent. ahead of April, 1975.

This is a relief for the industry, which had seen output drop by 3.5 per cent. in the first three months of this year compared with the same period of 1975.

January and February, in particular, threw up some startling statistics because, according to the official figures, output was down by 16 per cent. and 8.5 per cent. respectively.

On the face of it, March was a better month, with output 13.6 per cent. higher than in March, 1975, but this was entirely due to four more brewing days this year. In the event, daily production was 6 per cent. down, indicating that it had been another difficult month for the industry.

The April performance will help bring the statistics into line with Brewers' Society estimates made at the beginning of the year.

It was then said that the brewers forecast production this year would probably be down by about 1 per cent. (or 500,000 barrels) on 1975.

The April figures leave output over the first four months just 2 per cent. below the same period last year.

Concorde test centre at Fairford to close

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRCRAFT Corporation's Concorde flight test centre at Fairford, Gloucestershire, will close on November 30, with all Concorde test work transferred to Filton, near Bristol.

The exact number of workers to become redundant is not yet known, because some of the 280 employed at Fairford will be offered work on Concorde at Filton, where the aircraft is assembled. Discussions are being held with the unions concerned.

The redundancies will be part of the overall rundown of 2,400 workers in the commercial aircraft division since last November. About 700 have been laid off, the remainder being accounted for by early retirements or natural wastage.

The division is suffering not only from the progressive rundown of Concorde work, as the 16 aircraft authorised by the U.K. and French Governments are worked through, but also *from lack of orders for the One-*Eleven jet airliner.

Of the 16 Concordes, eight have flown while most of the remainder are moving into final assembly.

The main task of the Fairford flight test centre was the certification of Concorde. This has now been achieved, and closure of the centre has been expected for some time.

Refurbishing

Employment prospects at another major aircraft factory, the Prestwick works of Scottish Aviation, are also currently under discussion between the company and the Ministry of Defence.

The problems centre round the question of Jetstream aircraft originally ordered for the RAF being made available for civil sales, thereby resulting in work on refurbishing them to civil standards.

Scottish Aviation employs about 1,700 workers, of which about 300 could be employed on refitting the surplus Jetstreams—about eight aircraft—for the civil market.

The company said it was premature to suggest that any kind of agreement had been made with the Ministry of Defence which would bring immediate work to the factory.

Carbonising creates an energy-related company

BY RAY DAFTER, ENERGY CORRESPONDENT

NATIONAL CARBONISING has formed a subsidiary to design and engineer plants and equipment in energy-related fields.

Known as NCC Process Systems, the company will concentrate on two main areas of activity: supplying carbonising plants and designing and supplying gas and oil production equipment. The gas and oil activities will be carried out in association with Avery-Laurence.

Plant and equipment in both project areas will be undertaken by another National Carbonising subsidiary, NCC Engineers.

Mr. Kenneth Elderfield, managing director of the new company, said yesterday that he was aiming for an annual turnover of about £15m. in five years' time. About £10m. of this probably would come from the carbonising activity, he added.

NCC Process Systems is bidding for contracts in South Africa, India, Dominica and Bolivia.

Conversion offer to 7% savings bond holders

A CONVERSION offer is to be made to holders of 7 per cent. British Savings Bonds (first issue) purchased between April 2, 1971, and May 1, 1971. These bonds will mature on October 1, and are repayable on application at £102 per cent. upon maturity. The list of conversion acceptances will close on July 2.

Purchasers will be invited to exchange their holdings on October 1 into 8½ per cent. Savings Bonds (fourth conversion issue), repayable on application at £104 per cent. on maturity. Terms of the new bonds will be the same as those on the 8½ per cent. (Jubilee issue) which will be on sale at post-offices from August 2, except that interest will be payable half-yearly on May 1 and November 1.

Holders of the maturing 7 per cent. (first issue) who decide not to accept the conversion offer should apply for repayment. No interest will be payable on the bonds after they mature, and they can be repaid only on application by the holder.

A prospectus and notice will be sent to holders on June 4, together with a form of request for conversion and a form of application for repayment.

Holders who accept the conversion offer will receive on October 1 the final interest payment on the matured bonds, at 7 per cent. for the period April 1, 1976, to September 30, 1976, together with the maturity premium of £2 per cent. on bonds exchanged.

● Premium bond holders are to be issued with cards bearing an identifying number, which is intended to cover the sale or purchase of, or correspondence on premium bond holdings by the individual concerned.

The cards will be distributed alphabetically, starting to-day, to the bond holders, of which there are more than 20m. This process is to be phased over several years.

The scheme is associated with the computerising of administration. It will not be connected to the "Ernie" system of selecting prize winners, based on the putting out of numbers at random.

LABOUR NEWS

Murray appeals to building workers on pay policy

BY CHRISTIAN TYLER, LABOUR STAFF

MR. LEN MURREY, TUC general secretary, yesterday appealed to delegates of the Union of Construction, Allied Trades and Technicians not to upset the unity of the trade union movement in its support for the Government-TUC incomes policy and the fight against inflation.

Het was speaking at the union's conference in Scarborough on the eve of debates on wage demands and the social contract which could see the country's biggest construction union become the first large manual union formally to reject the £2.50-£4 limit.

Mr. Murray, whose visit to Scarborough has been brought forward at the instigation of UCATT's pro-incomes policy leaders deployed the customary range of arguments—the Government's record on labour relations, particularly the repeal of the Industrial Relations Act, and the importance of keeping the Conservatives out of power.

But his words received little more than polite attention and applause and there was some barracking after he sat down when the conference chairman, Mr. Bert Wilkinson, suggested that delegates should listen to the advice they had been given.

This brought Mr. Murray to his feet once more to stress that be was not trying to give advice but putting delegates in the picture as the TUC general council saw it.

Left-wingers among the delegates were confident last night that a resolution demanding large increases in craftsmen's and labourers' rates would go through this morning and that the conference would move on to declare its opposition in principle to wage restraint.

The pay resolution to be debated to-day seeks £2 an hour for craftsmen and £1.90 for labourers. This compares with current basic rates of 92.5p and 78.5p which with existing bonus and supplements, plus a £6 supplementary rise at the end of the month, will bring minimum earnings to £1.30 and £1.13 an hour. The resolution also calls for a five-hour cut in the 40-hour week.

It does not specify when this demand is to be lodged nor whether the pay demand refers to basic rates or minimum earnings. The sponsors of the resolution also want automatic adjustment of wages in line with the cost of living.

On the social contract, a composite resolution reaffirms UCATT's stand against the £6 limit at last year's TUC congress and calls on the executive council to "disregard any bodies setting a ceiling on wage increases."

A special report by the executive council backing the pay guidelines may also be discussed, although there was a successful move on Monday to havet it referred back and not taken as the principle social contract resolution.

Gormley concedes miners may vote against wage pact]

BY ROY ROGERS, LABOUR CORRESPONDENT

MR. Joe Gormley, the moderate president of the National Union of Mineworkers, conceded yesterday that his members might come out against the TUC-Government pay pact in a secret ballot, expected to be completed this week.

Speaking in a radio interview Mr. Gormley declared that the recenta heavy run on the pound had thrown into question the whole concept that Britain's economic situation could be solved by holding back wages.

Referring to the run on sterling, Mr. Gormley said: "The miners, along with other workers, quite rightly say, 'we are not to be blamed for this.' We cannot accept wage restraint in th ehope of creating a stronger pound."

Although not able to forecast the result of the ballot—to be counted next week-end — Mr. Gormley said he could understand miners wanting to have a fresh look at the position in view of recent events.

The interview was conducted against strong indications that miners, even in traditionally moderate areas, were hardening their attitudes on pay policy from the 3-2 majority registered last seummer in favour of the present £6 limit.

Early unofficial returns from NUM areas which have already voted on the proposed £2.50 to £4 a week policy indicate that when the Electoral Reform Society counts the ballot papers next week-end the result will be very close.

NUM militants

Some NUM officials blame Mr. Gormley in part for this situation. His initial reaction to the proposed new policy was that he was "not happy" with it and that he could see little difference between a so called voluntary policy, forced on unions by the TUC, and a statutory one.

Since them, Mr. Gormley — angry that the policy precluded any new productivity arrangement—has urged his members to accept the proposals. Mr. Lawrence Daly, the union's general secretary, has also recommended acceptance, appealing to miners not to isolate themselves from the rest of the trade union movement.

If the miners come out against the proposals, it will not prevent them winning overwhelming acceptance at a special TUC Congress later this month. But it would leave NUM militants in a strong position to tie the union's annual conference to demands for increaes of up to 50 per cent. in annual negotiations early next year.

Given that the National Coal Board cannot be expected to offer increases that would breach the proposed 4½ per cent. pay policy, the NUM militants would then have to win a further majority for industrial action in support of their demands before it could be said that miners were presenting a real challenge to the policy.

It seems unlikely at present that Britain's 250,000 miners would be prepared to vote for industrial action that might lead to the downfall of a Labour Government. If it came to the crunch they would probably abide by the decision of the TUC Congress.

But situations can change and Left-wingers within the NUM will be quick to exploit any further expenditure cuts, price rises or pit closures which might emerge in the meantime.

Inter-union dispute hits steel processing plants

BY IAN HARGREAVES, LABOUR STAFF

UNIONS REPRESENTING almost 3m. workers are locked in combat over attempts to recruit 36 men at an Essex steel processing factory.

As a result, Rom River, of Witham, has had its steel supplies effectively cut off. The union representing 25 of its employees, the Iron and Steel Trade Confederation, is backing a three-week-old strike by its members, and the other unions involved, the Transport and General Workers' Union, and the General and Municipal Workers Union, have referred the issue to an inter-union disputes committee.

The ISTC, has blocked steel supplies to the company's four other factories as well as Witham. The company has already placed one order for steel abroad because of the curtailment of domestic supplies.

The company said yesterday: "We are simply sandwiched between the unions, unable to act." Rom River has not had a strike previously in its eight years at Witham.

Not recognised

Rom River is affiliated to the National Federation of Building Trades, which recognises the GMWU an dthe TGWU, but not ISTC, in its working agreements. For this reason, the company maintains, it is unable to recognise ISTC!

ISTC argues that it began recruiting at Rom River earlier this year because no union had members there and the men were employed in steel processing, whre ISTC has over 1,000 members.

The union claims that the two general workers' unions became interested only when they learned of ISTC's success, even though the TGWU had several lapsed members on the site. The GMWU has recruited 11 members since ISTC's successful membership drive.

ISTC also claims that the men are being paid substantially lower rates than their counterparts in the steel industry.

The Advisory, Conciliation and Arbitration Service has been brought into the discussions twice, but so far without success. "We are determined to secure full negotiating rights and the men share our determination," says Mr. Roy Evans, ISTC assistant general secretary. The union has written to the TUC to say that it does not recognise the existence of an inter-union dispute at Rom River.

Strike of 200 rig welders ends

THE week-long strike of 200 welders at the RDL (North Sea) oil rig construction yard in Methil, Fife, ended yesterday after a meeting last more than two hours.

The welders, all members of the Boilermakers' Amalgamation, agreed after a ballot to return to work this morning.

The meeting was addressed by Mr. Jim McCartney, union organiser for the East Coast, who put to the welders the recommendation of their executive vouncil that they should return to work.

The walk-out came last Tuesday on the eve of talks about the future of the yard between a deputation from Fife and Dr. Dickson Mabon, Minister of State with responsibility for oil. It followed the dismissal of a welder alleged to have been found asleep on the night shift a fortnight ago. He has not been reinstated.

Last month the company announced there would be substantial redundancies in the 1,350 workforce by the end of tihs year because of lack of orders.

After yesterday's meeting a union spokesman said: "Normal working will be resumed tomorrow. Then we can get down to the real fight—to try to save the threatened jobs."

ICI unions discuss investment decisions

BY DAVID CHURCHILL, LABOUR STAFF

MAJOR INVESTMENT decisions at chemical giant ICI are being discussed with the six main signatory trade unions at the company as part of ICI's extensive participation programme.

The discussions are at an informal stage at present but the ICI Board is actively considering proposals to establish talks on its £200m. a year investment programme on a regular basis.

Mr. John Miller, national officer at the Transport and General Workers Union and secretary of the signatory unions at ICI, said yesterday that the unions were seeking bi-monthly or quarterly meetings with ICI directors.

The prospect of permanent talks on ICI's investment strategy follows considerable pressure by the unions to make ICI more "socially accountable," said Mr. Miller. He explained managed to persuade ICI to change its mind on siting a new plant in Holland and, instead, to build it in Lancashire.

"The success of our discussions on that new plant has given us the impetus to have an on-going dialogue with the company," he added.

Proposals

In addition, at ICI's recent participation conference held in Harrogate — at which shop stewards questioned senior management — the company agreed to consider proposals for active involvement of the unions in all major business decisions.

Meanwhile a joint committee has been set up between trade unions in the chemical industry and the employers' Chemical Industries Association to encourage consultation and involvement on health and safety matters.

● Some 9,000 senior managerial and professional staff at ICI have accepted £6 per week pay rises from next month. But the staff are seeking pay increases from August for those excluded from the present pay policy by the £8,500 cut-off.

Wales TUC plea for airport

By Our Labour Staff

RETENTION and expansion of Rhoose Airport, near Cardiff, as an essential contribution to the development of the Welsh economy was advocated yesterday by the Wales TUC.

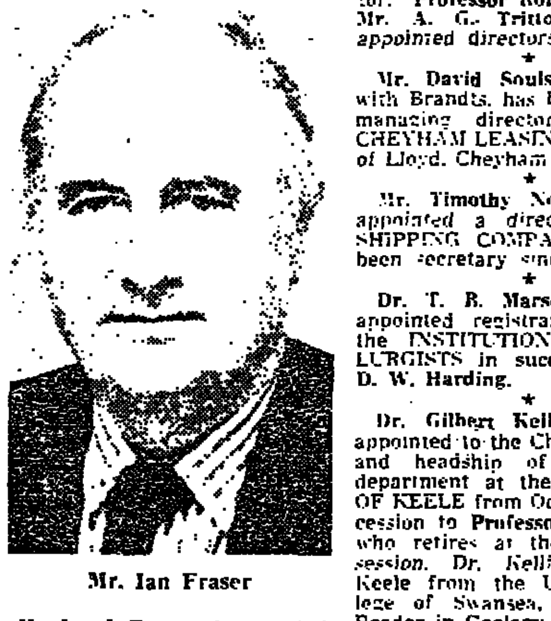
A study by the Wales TUC published yesterday says that while the Civil Aviation Authority would like Bristol to become the "hub" airport for Wales and the South-West, most of the arguments favour Rhoose.

Mr. George Wright, general secretary of the Wales TUC, said Wales lacked high technology export-based industry and could expect to lag behind in any export-led growth of the economy. A major factor in overcoming this drawback would be an expanded Rhoose Airport providing European links.

"The Wales TUC has no hesitation in throwing its weight behind the future development of Rhoose Airport, for we believe that on economic, social and locational grounds an overwhelming case can be made out for its rapid expansion."

APPOINTMENTS

Ian Fraser joins Chloride Board



Mr. Ian Fraser

Mr. Ian J. Fraser, deputy chairman of Lazard Brothers and chairman of Rolls-Royce Motors, has joined the Board of CHLORIDE GROUP as a non-executive director. Mr. Fraser, in addition to his other appointments, is a director of BOC International and Davy International and chairman of the City Capital Markets Committee.

★

Mr. Graham Whitehead, president of British Leyland Motors Inc., the U.S. sales company of British Leyland, has been elected president of the BRITISH-AMERICAN CHAMBER OF COMMERCE. Mr. Whitehead succeeds Mr. Sidney E. Sweet, chairman of C. Tennant Sons and Co., of New York, as president of the chamber.

★

Mr. Colin Wilkinson has been appointed a director of MILLARD HOMES and continues as group accountant

★

Mr. Cyril Mulraster has been appointed managing director of RUSH & TOMKINS SCOTLAND.

★

Mr. Terry Dawson has been appointed sales director of CERAMIQUE INTERNATIONALE.

★

The COLONIAL MUTUAL LIFE ASSURANCE SOCIETY has made the following executive appointments: Mr. R. J. Durden, general manager and actuary for the U.K.; Mr. A. L. Merrifield, assistant general manager (marketing); and Mr. E. K. V. Redfern, assistant general manager (investments).

★

Mr. J. A. Caldicott has been elected president of the EQUITABLE LIFE ASSURANCE SOCIETY to succeed Mr. R. A. Henderson. Mr. W. M. Cunningham has been elected and Mr. D. L. Murison re-elected vice-president. Mr. F. I. Geddes has retired after 20 years as a director. Professor Rolend Smith and Mr. A. G. Tritton have been appointed directors.

★

Mr. David Soulsby, previously with Brandts, has been appointed managing director of LLOYD, CHEYHAM LEASING, a subsidiary of Lloyd, Cheyham & Co.

★

Mr. Timothy Noble has been appointed a director of LYLE SHIPPING COMPANY. He has been secretary since 1973.

★

Dr. T. B. Marsden has been appointed registrar-secretary for the INSTITUTION OF METALLURGISTS in succession to Mr. D. W. Harding.

★

Dr. Gilbert Kelling has been appointed to the Chair of Geology and headship of the geology department at the UNIVERSITY OF KEELE from October 1 in succession to Professor F. W. Cope, who retires at the end of this session. Dr. Kelling comes to Keele from the University College of Swansea, where he is Reader in Geology in the departmnt of geology and oceanography.

★

Mr. David R. Addison has been appointed managing director of ITEL U.K., a subsidiary of Itel International. Mr Addison was previously European marketing director for Singer information systems division.

★

Mr. G. A. Higham, group managing director of Cape Industries, has been appointed chairman of BREFCON INTERNATIONAL following the retirement of Mr. J. H. N. Thompson.

★

Mr. J. M. Ritchie, British Caledonian Airways director of external affairs, has been appointed to the Board of GAMBIA AIRWAYS. The appointment results from a ten-year agreement concluded in 1973 whereby British Caledonian invested in a 40 per cent. shareholding in Gambia Airways and undertook to assist in its management.

★

Mr. John Parrott has been appointed works director of Gale and Polden. He has been works director of Chromoworks. Both concerns are members of the BRITISH PRINTING CORPORATION.

★

Mr. R. E. Verguson, of Plessey Hydraulics, has been appointed chairman of the ASSOCIATION OF HYDRAULIC EQUIPMENT MANUFACTURERS. He succeeds Mr. J. A. Fowler, who held office for two years. The new vice chairman, succeeding Mr. Verguson, is Mr. C. F. Ackerman, managing director of Parker Hannifin (U.K.).

★

Mr. R. D. Beanlands has been appointed to the newly-created post of production and research director of YORKSHIRE CHEMICALS and will be based at Leeds. Mr. J. A. Sykes, a director of the company, continues as general manager at Selby. Mr. J. F. Dawson has been made a director of Yorkshire Chemicals and becomes general manager, research and development, at Leeds.

★

Mr. Bert Matthews, chairman of QH INTERNATIONAL, has retired. He had been with the Quinton Hazell group since the formation of the original company in 1946.

★

Mr. J. M. C. Hall has been appointed a director of A. GALLENKAMP AND CO.

★

Mr. A. Young, company secretary, has been appointed financial director of STOREY BROTHERS AND CO.

★

Mr. D. W. Oddy has been appointed to the Board of BOWMAKER. He has been succeeded as regional director, western region, by Mr. T. C. R. Worley.

★

Mr. J. S. Fuller has been appointed technical director of PORTALS.

★

Mr. Paul Kelly will join the partnership of L. MESSEL AND CO., stockbrokers, from June 7.

★

Mr. G. C. C. Chivers has been appointed to the Board of METAL BOX DIVERSIFIED PRODUCTS. Mr. Chivers is head of economic services, Metal Box, and continues in that position.

★

Mr. John Chilton, managing director of Climax Business Services, has become chairman of the BRITISH CONTRACT FURNISHING ASSOCIATION.

★

Mr. David W. Wilkie has joined the 2Board of the CHAMPION SPARKING PLUG COMPANY as director of finance and administration. He was previously director of finance—Europe, for the DeVilbiss Company.

★

Mr. Cyril Deeley has been appointed to the newly-created post of director of management services of DOBSON PARK INDUSTRIES. Mr. Alec Jones has been made group chief accountant. Mr. John Geary is now group treasurer and Mr. D. C. D. Rees group accountant.

★

Dr. A. R. Payne, director of Shoe and Allied Trades Research Association since 1967, is to be director of the RUBBER AND PLASTICS RESEARCH ASSOCIATION from September.

★

Mr. Robert W. Akers has been appointed managing director of BURROUGHS MACHINES from August 1. He will succeed Mr Irwin R. Rector who is to retire on that date. The company is the British subsidiary of Burroughs Corporation.

Glasgow companies see signs of recovery

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A SURVEY OF business trends in Glasgow gives grounds for cautious optimism, the city's Chamber of Commerce said yesterday.

In the three months to April, 37 per cent. of companies reported an increase in home sales compared with the previous uarter, against a decline reported by 19 per cent.—almost an exact reversal of the picture during the previous quarter. More than half reported an increase in export sales.

Seasonal factors could have improved figures in some cases and one company in three still reported that it was working at an unsatisfactorily low level of production.

Some 14 per cent. of companies increased their labour force, while 24 per cent. shed labour over the quarter. There is some encouragement from the comment by more than a fifth of companies that they expected to recruit workers in the next three months, but the Chamber said that, with the large number of school-leavers looking for jobs over the summer, unemployment figures in the city are still likely to rise.

Investment intentions show a favourable, although slight, improvement, with the control of inflation given as the most important factor necessary to restore confidence.

An analysis of the results of the survey by company size indicates that the recovery seems to be slower for smaller firms.

New brand launched by Wills

THE SECOND new Embassy brand cigarette to be introduced within a month goes on sale from to-day. Embassy Envoy will normally sell at 40p for 20 but is being offered at 2p less over the next four weeks, said a W. D. and H. O. Wills spokesman. Each pack contains five coupons.

WINE

A wine academy on the Rhine

BY EDMUND PENNING-ROWSELL

ALTHOUGH THE declared purpose of the German wine laws *and regulations is verity and* clarity (Warheit und Klarheit), most wine drinkers outside Germany, however sophisticated, would admit to finding the subject of German wines both complex and confusing. For this obscurity the historical background and geographical situation of these northerly vineyards are more responsible than official obfuscation: but whatever the causes, no wines call for more pre-prandial homework than those of the eleven main German wine districts.

To their credit, a small band of wine professionals in the Rheingau and Rheinhessen realised this a few years ago, and, with the support of the semi-official German Wine Board, started a series of seminars from May to September for English-speaking "students," both professional and amateur.

I was invited to participate in the first of this year's sessions, and found it of absorbing interest in more ways than one. For it presented an opportunity of sampling well over 100 wines from all over Germany; and since spitting-out is not common practice at tastings in Germany, only their low alcoholic content saved more than one participant from somnolence and worse! For the course, though admirably organised, was fairly hard work, involving long coach-trips from the Oestrich hotel where the seminarists are quartered to the Moselle, Palatinate and Rheinhessen. Normally too there is a visit to Heidelberg to sample the Baden wines, but on the course I attended, instead we were invited to attend a remarkable tasting, organised by the Geisenheim Research Institute, of *Müller-Thurgau* wines from all over the world (including England), to commemorate the centenary of the appointment at Geisenheim of the Swiss vine breeder who gave his name to the grape variety now most widely grown in Germany. For many years believed to be a Riesling x Sylvaner cross, opinion now holds that it is a Riesling x Riesling one. This ex-series tasting added a further 32 wines to the century-plus score: and the Baden wines were tasted as well.

The centre of each seminar is in the splendid Cistercian abbey of Kloster Eberbach, surely the best-preserved of all this order's abbeys and former abbeys scattered about Europe. This one was secularised by Napoleon and now belongs to the State Wine Domain of Hesse. Here on the Monday morning takes place the initial lecture-tasting devoted to the 11 main wine-growing regions, and here the course is wound up on the Friday evening with a festive wine tasting and buffet supper in the ancient monks' *panelled refectory*, lined with portraits of former abbots who look as if the rigid Cistercian rule had been somewhat relaxed *by their times: as indeed it had*, as symbolised by the delicious pink and blue baroque coved ceiling of 1738.

It is not my purpose here to provide a blow-by-blow, bottle-by-bottle account of these courses, but it must be said that the range of wines offered was remarkable: from a comparative tasting of Liebfraumilchs to the higher realms of the German wine hierarchy. Not all the wines were fine, particularly of such vintages as '74, some of the newer varieties were more interesting than agreeable, and not everyone shares the apparently growing taste within Germany for really dry wines: but they were truly representative.

These tastings were fascinating, and they included sessions at Schloss Vollrads in the Rheingau, J. J. Prüm at Wehlen on the Moselle, Bürklin-Wolf at Wachenheim in the Palatinate, and Guntrum in Nierstein. However, the interposed lectures were even more educative, among them one on the 1971 German wine law that has greatly altered wine-making, by reducing the number of site-names from about 20,000 to 2,500, by stipulating minimum sugar contents for the various classes of wine, and by strict regulations on what may and may not be inscribed on the labels.

Not least obscure on these is the A.P. (Amtliche Prüfung) number on every label of quality wine that is above table wine level. So a visit was paid to the office of Alzey which tests, tastes and accepts or rejects 32,000 samples a year from every bottling by private growers or co-operatives in Rheinhessen. Similar A.P. *offices exist in all the other* districts. If this calls for some formidable form-filling by the growers, it is a substantial protection against fraud, especially through unjustified up-grading. About 5 per cent. are rejected, although an appeal may be made, but among Auslese and Spätlese wines the rejections are as high as 20 per cent. and 10 per cent. respectively. Thereafter these may be accepted later at lower levels.

For in Germany classification is by quality whereas in France the appellation contrôlée system, though increasingly regulated by local tasting committees, is based in site. This does not mean, of course, that French wines are inferior. Conditions are different, and it is much harder to make good wines in the northerly districts of Rheingau and Moselle.

Particularly interesting, therefore, was a visit to the renowned viticultural, oenological research institute and wine school at Geisenheim. The institute celebrated its centenary in 1972, and for most of its existence has been engaged in two main lines of research: producing new grape varieties, with the aim of securing earlier-ripening, more productive, frost-resistant grapes: and by vegetative reproduction through clone selection to raise the crop of existing varieties. In the latter aim it has been particularly successful. Before Schloss Johannisberg was re-planted in 1927 its Riesling grapes produced no more than 20 hl. per ha; to-day its crop *is normally* six times higher. Geisenheim claims that the Riesling can produce crop up to 120 hl. per ha. without loss *of quality*, while the Müller-Thurgau can safely go up to 150 hl.

To the French, whose fine wine output usually varies from 30 hl. to 50 hl. per hectare, this sounds like heresy, but Geisenheim believes that similarly increased production could be achieved in France from such varieties as Pinot Noir and Cabernet Sauvignon. The French, however, have only taken to clone research comparatively recently, and success*ful results take many years:* but for the consumer this could offer long-term prospects of less expensive fine claret and burgundy.

These lectures and visits did not exhaust the Wine Academy programme. There were talks on the German wine market, and on wine and health, a steamer excursion down the Middle Rhine, and a visit to the Speyer wine museum, where the world's oldest bottle of 4th century AD wine is preserved. *If* an evening in Rüdesheim's Drosselgasse (is this the riverine Blackpool of Germany?) represented the not over-played tourist side of the seminar, the final evening in Kloster Eberbach constituted the social and gastronomic peak. To accompany a tasting culminating in Hochheimer Domdechaney Trockenbeerenauslese '53, the students were presented with inscribed certificates of an impressiveness and size that will surely secure for them entry into any celestial wine cellar.

There are three more seminars this year, in August and September, as well as a new postgraduate course in October. The normal intake is about 30, but more can be accommodated. The *fee per person* is DM860, a good deal in our depressed currency, but, including everything, it still provides good value for money as well as an unparalleled opportunity to study and enjoy wines within six days. Those interested should apply to the Wines from Germany Information Service, 15, Thayer Street, W.1.

APPOINTMENTS

LEGAL NOTICES

No. 001776 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PACKLIFF & COMPANY (STOVE ENAMELLERS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was, on the 24th day of May 1976, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 28th day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. FRIDORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 25th day of June 1976.

PUBLIC NOTICES

GLASGOW DISTRICT COUNCIL
Is issuing today £4m Bills at 11⅛% p.a. maturing 1st September, 1976. Applications totalled £34.5m. The total amount *of bills outstanding is £8.3m.*

CONTRACTS AND TENDERS

UNITED ARAB EMIRATES
MINISTRY OF ELECTRICITY AND WATER
P.O. BOX 1672, DUBAI

The Ministry of Electricity and Water for the United Arab Emirates invites Tenders for the following works:—

Tender No. N4252. Specification No. N37.1/1832

Indoor 145kV, 36kV and 12kV switchgear and associated transformers, power cables and telecommunications equipment. The equipment is to be located throughout the Northern Emirates of Umm-Al-Quwain, Ajman, Dhaid, Qidfa and Ras Al Khaimah.

Each new substation will include all of the above equipment and in particular, two 40 MVA 132/33kV and two 15 MVA 33/11kV transformers and associated power cabling but exclude all associated civil engineering/building works.

Applications for Tender Documents should be made during normal office hours at the Ministry's offices in Abu Dhabi or Dubai in the U.A.E. or at the U.A.E. Embassy in London. Only Firms who have had experience in engineering similar projects should apply.

Each tender fee is Dirhams 2,500 if collected in the U.A.E. or *£300 Sterling if collected in London payable in cash only* and is not refundable. Tender Documents will be available from 7th June, 1976 until 25th August, 1976.

Tenders must be valid for 100 days.

Tenders must be accompanied by a Bid Bond in the form of an unconditional Bank Guarantee of Dh 2,000,000 (2 million) valid for 130 days. The successful Tenderer will be required to replace this with a Performance Bond equal to 10 per cent. of the Total Contract Sum for the period of the Contract. The Tender Documents must be complete and submitted in quadruplicate.

Each copy shall be enclosed in a plain envelope not bearing any identification of the Tenderer and marked only on the outside with the Tender Number and Title "145kV, 36kV and 12kV Switchgear . . .".

Four copies shall be addressed to:—

His Excellency The Chairman,
The Permanent Committee for Projects,
Ministry of Planning,
P.O. Box 2847,
ABU DHABI,
U.A.E.

Tenders must be received not later than 1700 hours on 5th September, 1976. This advertisement is a complementary part of the Tender Document.

The Installation is to be completed by 30th November, 1978.

Abdulla Bin Humaid Al Qassimi
Minister.

COMPANY NOTICES

CASSA PER IL MEZZOGIORNO
6¼% Guaranteed Bonds 1984

S. G. Warburg & Co. Ltd., announce that the redemption instalment of U.S. $1,875,000 due 1st July, 1976 has been met by purchases in the market to the nominal value of U.S.$1,787,000 and by a drawing of Bonds to the Nominal value of U.S.$88,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public are as follows:

20364 to 20451

On 1st July, 1976, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to the said date at the office of:—
S. G. WARBURG & CO. LTD.,
30, Gresham Street,
LONDON, EC2P 2EB.,
or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st July, 1976. Bonds so presented for payment must have attached all coupons maturing subsequent to 1st July, 1976.
30, Gresham Street,
London, EC2P 2EB.
2nd June, 1976.

DURBAN ROODEPOORT DEEP, LIMITED
(Incorporated in the Republic of South Africa)

The Board of Directors of Durban Roodepoort Deep, Limited announces that borehole V.S., situated within the company's mining title, approximately 1,200 metres northeast of the south western corner of the farm Vlakfontein 238 IQ, intersected Kimberley reef at a borehole depth of 1,089 metres assaying 2.26 grams *per ton over a corrected width of* 134.3 centimetres, equivalent to 304 centimetre grams per ton.

In the first deflection, Kimberley reef was intersected at a borehole depth of 1,089 metres, assaying 3.05 grams per ton over a corrected width of 104.2 centimetres, equivalent to 318 centimetre grams per ton.

In a second deflection, Kimberley reef was intersected at a borehole depth of 1,093 metres, assaying 12.38 grams per ton over a corrected width of 112.8 centimetres, equivalent to 1,397 centimetre grams per ton. In all intersections core recovery was complete.

Two further boreholes are in progress. It should be borne in mind that gold values on the Kimberley reef horizon tend to be erratic and that it will not be possible to make a reasoned valuation of the area until the whole exploration programme, which will also involve a certain amount of underground development work, has been completed.
Johannesburg.
1st June, 1976.
London Office:
40, Holborn Viaduct,
EC1P 1AJ.

STEWARTS AND LLOYDS OF SOUTH AFRICA LIMITED

PREFERENCE DIVIDEND

The Directors have declared a dividend at the rate of 6% (six per cent) per annum for the six months ending 30 June 1976, payable on 30 June 1976, to holders of the six per cent First Cumulative Preference Shares registered in the books of the company at the close of business on 18 June 1976.

The Preference Share Register of Members, including the United Kingdom Office Register of Members, will be closed from 19 June to 27 June 1976, both dates inclusive. The dividend is declared in the currency of the Republic of South Africa and is subject to the deduction of Non-Resident Shareholders' Tax in terms of the South African Income Tax Act, 1962, as amended, in the case of shareholders whose addresses in the Register of Members are outside the Republic of South Africa.

By Order of the Board.
E. A. JOHNSON, Group Secretary.
Registered Office:
Corner Voortrekker Street and Rhodes Avenue,
(PO Box 74),
Vereeniging 1930,
South Africa.
Transfer Secretaries:
Rand Registrars Limited,
Devonshire House,
Jorissen Street,
Johannesburg 2001,
South Africa.
United Kingdom Office:
Kennedy Tower,
St. Chads Queensway,
Birmingham B4 6JF,
England.
United Kingdom Transfer Office:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford,
Kent TN24 8EQ,
England.

THE GRAND HOTEL COMPANY, BRISTOL, LIMITED

NOTICE IS HEREBY GIVEN that the REGISTERS of the Company's Perpetual First Mortgage Debentures and 6½% Cumulative Preference Shares will be CLOSED from the 16th to the 30th June 1976, both days inclusive.
By Order of the Board.
K. V. F. PAWSON, Secretary.

THE SOUTH STAFFORDSHIRE WATERWORKS COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of the Company will be CLOSED from the 17th June, 1976 to 30th June, 1976, both days inclusive, against Transfers of Debenture and Preference Stocks, but not against Transfers of Ordinary Stock.
By Order of the Board.
A. W. TIBBENHAM, Secretary.
Birmingham.
27th May, 1976.

هكذا من الأصل

The Executive's World

EDITED BY JOHN ELLIOTT

Bad weather, rough seas and technological problems all combined to hinder BP's record-breaking work on its £800m. North Sea oil field. RAY DAFTER reports on how it was managed with a small task force backed by specialists

BP's race to establish the Forties

THIS IS THE YEAR that Britain starts to feel the real benefit of the North Sea oil exploration venture. Providing there are no more delays to development programmes, the amount of oil produced offshore of the U.K. should be worth about £900m. to the country's balance of payments.

Almost half of that revenue—some £400m. - £450m.—will come from British Petroleum's Forties Field and by next year output from this one field alone should be satisfying a quarter of Britain's oil needs.

The technological problems and achievements of this BP field have inevitably attracted most attention. Costing £800m., it has been one of the biggest single engineering projects undertaken in Britain. What is more, much of the essential work—positioning and installation of four large production platforms—was carried out 100 miles from land, in some of the most hostile conditions encountered by the oil industry.

And yet it was for its overall management achievement that BP was this year awarded the Queen's Award for Technological Achievement, recognising the backroom work carried out by Mr. Matt Linning, manager of Forties development, and the team built up around him.

Mr. Linning emphasises the team spirit that was achieved. Many of those most closely associated with the project now sport a tie bearing "0001"—the number of the *Department of Energy's certificate of fitness* given to the first of the four Forties Field platforms.

It is estimated that at the peak period of development work more than 15,000 people were directly or indirectly involved with the project. BP's full-time management team rose to about 180 at one stage, although in the past five years many more specialists within *the company were drafted in to* give advice and assistance.

Indeed, this was the company's management philosophy. It had a fairly small project management team operating a reasonably autonomous task force which was able to call on help from any of the functions within the organisation. Mr. Linning can remember being told in 1971 by Mr. Alastair *Down*, then BP's deputy chairman: "You have a pretty tough job. Don't come back in a few years' time and say that you have failed because you were short of a gang."

Mr. Linning joined BP in 1969 from Kuwait Oil where he had been general manager. (He has now been put in overall charge of U.K. exploration and production within BP Petroleum Development.) Alongside him in the Forties team were project manager Mr. Tom Ingram, who had previously been project manager at BP's Grangemouth refinery, and the development manager—for several years Mr. Alan Baldwin.

Mr. Baldwin, one of the top petroleum production engineers in BP, worked on the taxing project, although in failing health. He collapsed and died in December, just a month after attending the Royal inauguration of the field.

For those involved, it was a marathon race against the clock. "The response was tremendous—people worked way above the norm," commented Mr. Linning. "While one or two became tired—we saw them into other situations—I can't think of an individual failure through negligence or lack of effort."

The original brief from BP's Boardroom was demanding to say the least: in late 1971 the team was asked to try to float out the first platform in 1974 and have oil flowing ashore by the end of that year. The estimated cost was to have been £300m. to £350m.

In fact, the first platform was floated out in June last year; the initial oil flowed on September 12 and the cost worked out at nearer £800m. BP was working on the frontiers of technology and consequently under-estimated technical requirements in the early years. Bad weather and rough seas were a bigger hindrance than first thought and platform and equipment builders had new technological and labour relation problems to overcome. Designs had to be modified as the programme progressed.

The management team also took the brave decision of stationing up to 1,000 men offshore during the storm-battered winter months so that they might take advantage of any break in the bad weather. Millions of pounds were invested simply to achieve 50 days work within a six months period of 1974-75. As a result of that work, however, BP probably prevented a further year's delay to the start-up of the field.

The cost of the project would have been even greater if BP had delayed a decision to develop for two years and hit the period of peak inflation, and had not kept a tight rein on spending. The management team's contracts committee was meeting twice a week during the busiest period. It had around 5,000 primary purchase orders to deal with and if this does not sound a particularly impressive number for an £800m. scheme, it should be remembered that one order could be for a *platform structure or 120 miles of* pipeline.

From the beginning BP worked closely with the Texan company of Brown and Root which was responsible for designing and requisitioning the four-platform production scheme. Although the contractors had a record of experience in offshore oil production in the Gulf of Mexico and other parts of the world they, too, realised they were extending their knowledge with the Forties scheme.

This was borne out when a model was tested in the laboratory tanks of Rice University, Texas. Under certain "sea" conditions it would not sink to the sea bed in a controlled manner, as was planned. Instead it rolled on its back "like a wanton porpoise." Further research on stress analysis was carried out at Nottingham University and within two months Brown and Root came up with a theoretical solution: more floatation tanks and spheres were needed. The successful remote-controlled sinking of the platforms is testimony to the solution.

"That was our biggest design problem," said Mr. Bill Stallworth, Brown and Root's Forties Field project manager who is now a group vice-president and manager of its European organisation. At one point the group had an engineering and management team totalling 650. This large number was needed because of the procurement policy.

Brown and Root decided to purchase all the materials for the project: the fabricators provided only the labour. This was a vital decision said Mr. Stallworth because it provided better control, greater flexibility and the cost advantages of bulk buying materials. "We had work in 60 different yards. If each of these had provided their own materials we would have had no control at all! I take the view that if the fault is mine I can do something about it."

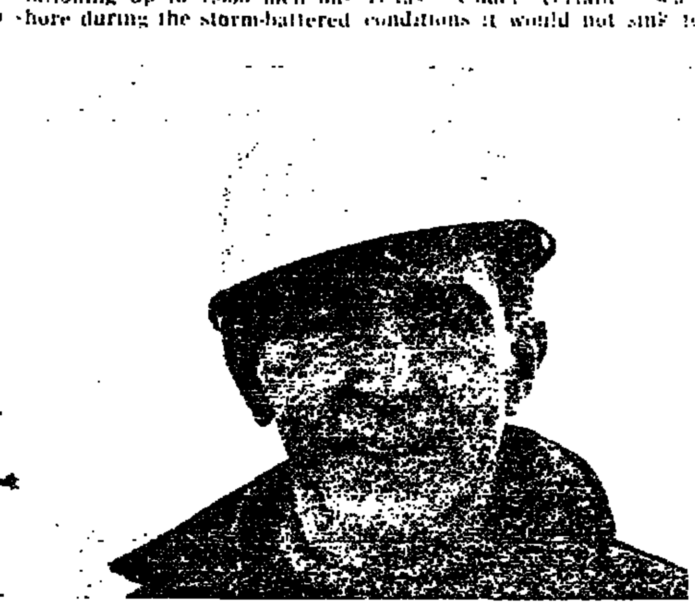
The policy bore fruit for within the space of 12 months—from mid-1974 to June 1975—all four platforms had been floated out. While Brown and Root was allowed a good deal of flexibility it was not allowed to forget that BP was in the driving seat with firm financial control. "For our part, we have learned a lot as a result of this contract. In order to manage a project of this magnitude we had to pull together a very heavy team of very heavy people," said Mr. Stallworth.

Once again team work is emphasised although Mr. Stallworth makes no bones of the fact that "Matt Linning was in charge. He was the dynamic force—he pushed himself and everyone else."

In the past couple of weeks, a report from one of Britain's leading oil analysts suggests that if BP was given a chance to rediscover Forties with the benefit of past experience it would probably instal only two or three platforms instead of four.

Mr. Linning maintains, however, that he would use exactly the same production method—four platforms and a submarine pipeline—chosen five years ago. "We got it right first time. The thing which would be different now is the effect of inflation. In view of current inflation rates we would have to question whether we could afford to spend the capital. Forties was fortunate in that the main decisions were taken in pre-inflation times."

It is this impact of rising costs which is putting a question mark over many of the possible commercial prospects in the North Sea. Oil companies have not taken a decision to develop a new field for almost two years which adds emphasis to the importance of early Forties Field production.



Matt Linning, project manager on the Forties field, which won BP a Queen's Award for Technological Achievement for the overall managerial job involved.

PENSIONS and BENEFITS

Leyland unions' takeover bid

BY ERIC SHORT

TRADE UNION leaders at British Leyland last week announced that they were seeking a fundamental change in the pension scheme established last September for hourly paid employees, a change which would enable the workers' representatives to exert more control over the investment policy of the scheme through making it a managed fund.

The move is one of the first examples, at least to be publicised, of employees and their trade union representatives demanding an active role in the running of company pension schemes. Some employers, particularly in the nationalised industries have, however, been bringing employees into the running of their schemes in recent years.

Such participation by trade unions in pensions schemes has been urged by Mr. Len Murray, TUC general secretary, and other prominent TUC officials as well as by the individual unions. But it is still the exception rather than the established practice and the demand from the unions is for legislation to ensure 50-50 representation on the trustee board which runs the pension scheme.

The move by the BL unions represents a third function for trade unions in the pension field. The first is to negotiate the levels of benefit to be provided not only for retirement, but for death in service, payment to widows, sickness benefit and so on. This is a straight negotiation procedure between employers and unions, in much the same manner as wage levels and working conditions are dealt with. It took 18 months of bargaining to reach such a deal last year at BL and the unions are not, at least for the present, seeking any monetary improvements.

The second function for the trade unions is to discuss with employers how the benefits are to be provided. Now that the Government is introducing a comprehensive earnings-related State scheme, the balance has to be struck between what is provided by the State and the company. Regulations under the Social Security Pensions Act have imposed a legal obligation on employers to consult with employees and their trade union representatives on the decision whether or not to contract-out. At BL it was agreed to set up a company pension scheme to provide the benefits negotiated.

A company pension scheme is established in all cases as a trust and therefore requires trustees to administer it. This can be done either by establishing a Board of trustees or by setting up a trustee company. Whatever the form, the trustees are responsible for all aspects of running the pension scheme including collecting the contributions, paying the benefits, and investing the assets of the fund. The third function of the trade unions is therefore to ensure that they participate in running the pension scheme.

The actual degree of participation by the trustees depends very much on the type of scheme set up. There are basically three types—a completely insured scheme with a life company, a scheme with a life company where investment is through a managed fund, and a completely self-administered scheme.

Death benefit

Under an insured scheme the contributions are paid to the insurance company which invests the money as part of one large fund out of which all benefits are paid. The insurance company itself usually undertakes all the administration work and can even take on the task of communicating with the members of the scheme. The duties of the trustees are very nominal: they have no influence on investment policy which means that their main function is the initial selection of the life company.

The BL scheme is at present such an insured scheme—it was chosen because it could be set up quickly at a time when the main concern of the unions was to have BL employees covered for the death in service benefit as rapidly as possible. Since it was launched last September, £2m. has been paid out on this benefit, so the unions consideration for haste has been justified.

But such a scheme does not satisfy unions which desire a more active participation, hence the BL request to move to a managed fund. Here the life company runs several funds—equity, property, fixed-interest or mixed on a unitised basis. The money in the scheme is used to buy units in the various funds which means that the trustees, in conjunction with the life company, have continually to decide how much to invest and where to put it. The *tactical moves of which equities* or property are chosen is still left to the life company running the funds. Trustees are however much more involved in decision making with such schemes and there has in the past decade been a steady change by pension schemes from insured to managed fund.

The entirely self-administered *scheme is one which handles* every particular aspect of its business itself including all administration, investments and communications with its members. The trustees are fully involved even if they do appoint a specialist investment manager who would be responsible direct to them. The trustees would be very much concerned in, say, a property development *which a fund was financing.*

The BL unions have informed the management that their ultimate intention is for the scheme to become completely self-administered in this way. Only the larger schemes can really justify becoming self-administered on cost grounds, but the BL scheme, with 100,000 members and an annual contribution income of £28m., seems *to be big enough. The main* reason why it was not self-administered from outset was the time it would take to establish what in effect is a substantial financial institution.

The pensions industry fears that this degree of union participation would cause political considerations to influence investment decisions but this may not necessarily prove true—and in any case BL's own management are not unduly surprised or concerned about their unions' claim. In addition the experience of other companies which have employee representatives is that they act as responsibly as anyone else.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

No sex discrimination

We operate a Sick Fund to supplement the State Sickness Benefit for our work force. The scheme is based with a major insurance company and the company meets the premium costs which are equal for male and female employees. The benefits under the Scheme are slightly *higher for male employers than* for female employees because the insurance company claim that the incidence of sickness is higher in the female group.

Under the terms of the Sex Discrimination Legislation is the onus on the employer to provide exactly equal benefits even if it means paying a higher premium for female employees or does the payment of an equal premium for men and women comply with *the current legislation?*

If the benefits are calculated actuarially we do not think that the provision of higher benefits for males is in contravention of the Sex Discrimination Act 1975.

Purchase and sale of silver

How is it possible for a U.K. resident, not a professional, to effect a purchase and sale of silver bullion subject only to capital gains, not income tax?

Following the decision in Mr. Norman Wisdom's case in 1968 (Wisdom v. Chamberlain: 45TC92), it is likely that a second purchase and sale of silver by someone who had no use for the metal itself would be regarded as an adventure in the nature of trade, subject to income tax. Whether the profit *on a single transaction* would be regarded as chargeable to income tax or to capital gains tax would depend on the particular circumstances of the acquisition, and in practice much would depend on the view taken by the tax inspector who dealt with the case, or the Commissioners who heard the appeal against the inspector's decision.

The answer to your question is that it is almost impossible *for any purchaser of silver for* which he has no use to be sure that he will not end up paying income tax on any profit which he may make on the deal.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
Key Share Index and Business News Summary Ring: 01-246 8026
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Brussels: 39 Rue Ducale ... 512 9037
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WEDNESDAY, JUNE 2, 1976

Curbing local spending

THE MOST critical problem in the financing of local government services at the present time is that of reconciling freedom for local authorities as autonomous tax-raising bodies with the responsibility of central government for the overall management of the economy. It has been brought to the fore once more by the latest evidence of excessive local spending. Returns submitted by the 455 councils in England and Wales suggest that they have been planning to spend in 1976-77 about £525m., or nearly 6 per cent., more in terms of constant prices than the ceiling agreed between the Government and local authority leaders last November when this year's rate support grant was settled.

Furthermore, the same returns show that the same authorities spent about £150m., or about 1-2 per cent., more in real terms in 1975-76 that was thought likely last November. It is therefore clear that, if the target of a standstill in real local spending this year is to be achieved, local councils will not only have to eschew further real growth but between them they will have to contrive real spending cuts of about 1-2 per cent.

Resources

It may be asked why excessive local spending should matter if, as is very largely the case, any expenditure beyond the limits set for grant will be financed out of higher local rate calls. Unfortunately, over-spending by local authorities matters a great deal. In the first place, an increase in local rates may reduce private savings as well as private expenditure with the result that the total demand on resources from the public and private sectors together will be increased. Secondly, excessive spending by local authorities implies either a reduced share for central government or a reduced share for private consumption if the resources needed for exports and investment are not to be sacrificed: and any additional restraint on personal spending which arises from higher local rate calls is liable to impose even further strain on the public's acceptance of the need for a voluntary limitation on increases in money incomes.

Yet, because of the tradition of local autonomy, central Government has no power of overt control over local revenue spending. It is able to make its influence felt on local capital spending, through loan sanction control in England and Wales and through a relatively new and more direct control over capital expenditure, as such, in Scotland. But, for revenue spending, central Government has to rely primarily upon the influence of the annual grant settlement. Attempts have recently been made to improve the leverage of the grant mechanism by considering expenditure trends over periods longer than one year and by warning local authorities that previously announced limits to the amount of grant will be adhered to irrespective of the actual expenditure out-turn in the preceding year.

Ineffective

But, as an instrument of central control, the grant mechanism can be fully effective. It was designed and is still used for the quite different purpose of compensating authorities with above-average needs or sources. And any increases in local rate calls to pay for increased real spending over and above thet limits set for the grant will at the present time be largely lost to sight amid the rates increases required to keep abreast of inflation.

In the last resort, therefore, the Government has to rely upon its powers of persuasion and, with this in mind, it set up last year the new consultative council of Ministers and local authority leaders. This new body is now very much on test. This year's prospective overspending has come to light in time for corrective action to be taken and, should persuasion again be shown to have failed, then the case for more direct powers of central control over local spending may become irresistible. Not only do we face several more years yet of severe restraint on all forms of public expenditure but this year would be the third in succession in which local spending has outrun the target.

Wobbling around the turning point

MOST economic forecasts—including the most recent, issued by the National Institute of Economic and Social Research—expect *the fixed capital investment of manufacturing industry to be lower in 1976 as a whole than in 1975 but to begin turning up again in the second half of the year.* The figures just issued by the Department of Industry for the first quarter are not inconsistent with this *general expectation.* Although it suggests that investment was then 2 per cent. higher, seasonally adjusted and in real terms, than in the previous quarter, there were special factors at work. One was the mildness of the winter, which probably goes a long way towards explaining an apparently sharp jump in building work: another was a high level of expenditure by the metal manufacturing industries. The Department itself points out that the first-quarter figure may be off trend because of these special factors and it is probably as well to regard it as such for the time being. It would be surprising if industrial capital investment were to play a major role in the behaviour of the economy this year.

It is quite another matter when it comes to investment in stocks. Total stocks were run down quite heavily last year in line with the fall in output: indeed, the ratio of stocks to output has fallen. Stocks will have to be rebuilt when the business cycle turns up decisively: and stockbuilding, together with higher exports, are likely to be the source of most of this year's economic growth.

Stockbuilding

The immediate question, about which the forecasters have different answers to offer, is how soon and by how much stocks are likely to rise. Working against a fast rise are the unexciting prospects for home demand and the high cost of credit. Working in favour are the buoyancy of export demand: the continuation of inflation at a fairly fast pace; and, so far as imported stocks of essential materials are concerned, the rise in world prices for some commodities caused by the general recovery of trade and, still *more, the steady drop in the* sterling exchange rate. It is noticeable that the National Institute, whose forecast is the most recent and has been considerably revised to take account of the depreciation of sterling, *is looking for a much smaller* fall in stocks during the first *half of 1976 than the two other* forecasters with which it compares itself, a fairly sharp rise in the second half, and a very sharp rise—much the same in volume terms as the 1975 fall —during 1977.

The official figures for the first quarter leave the issue *undecided: when the economy is* on the turn, in fact, various key statistics are likely to be ambiguous or much less definite than when it is moving towards recession or boom. Total stocks — manufacturing industry, wholesaling and retailing—after falling by £219m. in the second quarter of last year and £172m. in the third, fell by only £7m. in the fourth quarter and by the same amount in the first quarter of this year. The turnround seems dramatic.

Materials down

It is still striking if one *leaves out distributors' stocks:* the seasonal pattern of stocks in retailing, particulary, must have been affected by a relatively low level of consumer spending at Christmas and a relatively high level in the prolonged sales which followed. Manufacturers' stocks fell by £204m. in the third quarter of last year, £66m. in the fourth quarter, and only £5m. in the first quarter of 1976. But the increase was largely in work-in-progress and stocks of finished goods. Stocks of raw materials and fuel fell irregularly throughout 1975 and fell more sharply in the first quarter of 1976 than in the last quarter of 1975. The fall in the exchange rate, which has greatly increased the cost of imports, will probably lead to a reversal of this trend in the second quarter.

Harland and Wolff will resist mounting pressure in Whitehall for its closure. **Giles Merritt reports.**

Political dangers feared if Belfast shipyard closes

WHAT HAPPENS when Harland and Wolff goes bust? Until recent weeks, the questions was "if" rather than "when," but with political pressure now growing in the Government for the Belfast shipyard to be sacrificed so that Britain's shipbuilding industry can be saved, closure looks increasingly a matter of time.

Economically, and therefore politically, the implications would be disastrous to Ulster. And for that reason alone the collapse of Harland and Wolff is something that Northern Ireland never believed could happen. In spite of *Westminster's repeated warnings* that there is no bottomless fund for bailing out the loss-making shipyard, Harland's closure still seems incredible to Ulstermen.

During the past month Ministers and senior civil servants at the Northern Ireland Office, which is responsible for the publicly owned yard, have been hinting that the original lease of life until 1978 given to Harland's is to be dramatically curtailed. The shipyard's managing director, Mr. Roland Punt, is scouring the world for new orders to tide the company over until the shsipping market picks up in the early 1980s, but lawyers advising the Northern Ireland Office are concerned that fresh contracts would bring Harland and Wolff dangerouslyl close to the conditions known as "fraudulent trading." Under the Northern Ireland Companies Act, as in Britain, it is illegal to incur debts when the directors "cannot take a reasonable view that these will be paid." With the £60m. "once-and-for-all" rescue fund set aside by Parliament for the yard a year ago running out fast, the shipyard's hands are tied. It requires new Government guarantees before taking on new orders, and those guarantees look less and less likely to be forthcoming.

Ministerial visit

This Friday, the Northern Ireland Secretary, Mr. Merlyn Rees, accompanied by Mr. Roland Moyle, his Minister of State responsible for Commerce in Ulster, is due to visit Harland's. Originally the plan was for the two Ministers to be taken on a guided tour to familiarise themselves with the yard's operations. Following Mr. Callaghan's April re-shuffle and the departure of Mr. Stanley Orme to the Department of Health and Social Security, Mr. Orme's responsibilities have been split, with Mr. Rees taking over the finance portfolio. The likelihood is, however, that Friday will see Harland's management demanding some straight talking from the two Ministers.

A fortnight ago, Harland's new chairman, Sir Brian Morton, presented the British Government with detailed proposals for a programme of State-sponsored shipbuilding contracts that would keep the yard in work during the vital 1978-80 period. That is the hiatus between existing contracts and the expected upturn in worldwide shipbuilding demand. Until this week's apparently orchestrated "leak" from inside the Government indicated that closure is now on the cards during 1976, Sir Brian had clearly hoped that Friday's meeting would be the opportunity for an informal discussion of his plans.

It is, instead, likely to end in bitter wrangling over the Government's lack of consistency in its approach to Harland's—countered by the two Minister's charges that the shipyard, which in the last ten years has absorbed £137m. of public money, or half the total given to the whole U.S. shipbuilding industry, has proved itself totally incapable of attaining the productivity targets it has been set.

On both sides, the arguments are increasingly familiar. The British Government can reasonably claim that in the eight months since Mr. Orme gave the shipyard a Christmas deadline in which to double productivity or face a rapid rundown this year. Harland's weekly losses have actually increased beyond the £500,000 that was then the figure. The yard's management stresses that the man-hours per vessel/ton used to measure *output is misleading* and that Harland's is not the inefficient operation it has been made to appear, and so is deserving of continued help.

These arguments are also increasingly irrelevant. The question is not so much whether the Government can afford to keep Harland's going, but whether it can afford to shut it down. Northern Ireland is on a knife edge of political instability. With direct rule from Westminster already threatened by an economy that is moving from bad to awful, closing down Harland and Wolff could at a stroke double Ulster's high unemployment rate to 20 per cent., cripple Belfast to the point where commercial activity nears a standstill, and precipitate a political crisis that might *dwarf Ulster's normally bloody* troubles in significance. That argument is the shipyard management's trump card.

Harland's management has only slowly woken up to the point, but it is no coincidence that when the yard yesterday issueed a statement rebutting Press reports of imminent closure, it carefully discounted the *idea that its £10m.-a-year* marine diesel engines side could be hived-off from the £30m. shipbuilding side as a profitable operation. It is something of a volte-face for Harland's not to claim that its operations are *basically viable,* and this suggests that the yard is planning to call the Government's bluff.

The yard at present employs 9,500 men, thus pumping about £¾m. a week into Ulster's wages alone. But over the last 15 years it has gradually reduced its workforce from 20,000 by resorting more and more to subcontractors. In it heyday, the shipyard was, barring steel, quite unbelievably self-sufficient: so much so, that there remains from the time of the great ocean liners a photograph of 20 artists standing at 20 easels as they turned out Harland and Wolff oil paintings to hang in the ships' staterooms. All that has changed. On average, up to 500 companies provide goods and services for each ship assembled by Harland's and the list of subcontractors shows a heavy bias *toward companies based in* Northern Ireland. From Bank Buildings, the much-bombed but indomitable Belfast department store, right through Ulster's engineering industry, the shipyard is a valued customer.

Mr. Orme, who was known to be deeply concerned at the prospect of Harland's failure, was given to saying in private that *for each man employed in the* yard, another three Ulstermen were employed *by* the yard. No official analysis of Harland's generating force on the Northern Ireland economy has ever been prepared, but a rough and ready projection would be that the yard's annual turnover of about £40m. represents many millions more in other activity created.

Because the shipyard is physically isolated in a corner of East Belfast, it has often been that its closure would *transform* the immediate area of narrow industrial revolution streets and back-to-back houses into ghost town, but that the hardship would be isolated, too. In fact, workers in the yard have moved steadily out to Belfast's new suburbs, where their relatively high wages of £60-£70 a week provide further pump-priming for local trade.

For Harland's management, the British Government's policy regarding the yard has been one of bewildering twists and turns. When Mr. Orme outlined the terms of his Christmas ultimatum to the Press, it came as a complete surprise to the yard's executives. Yet then it was never acted upon at the beginning of 1976, when Harland's efforts had nevertheless failed to boost productivity to the level laid down. Convinced that the Government had accepted that the terms of the deadline were impracticable, Harland's has been quietly getting on with its business of completing orders in hand while attempting to husband its dwindling £60m. In October only £13m. of that had been spent: to-day only £20m. remains.

During that time, the shipyard has apparently remained blissfully unaware of the pressures that Mr. Rees and the Northern Ireland Office have come under from inside the Cabinet and throughout Whitehall. Mr. Rees' senior civil servants at present negotiating the division of Britain's 1977-78 public spending budget are claimed to be contending with a widespread and bland indifference to Northern Ireland's problems, and Harland and Wolff has come to be the symbol of Ulster's thankless demands on the British public.

Just what closure entails nobody seems to know: although for a start, redundancy payments alone could be upwards of £25m. As the yard pointed out yesterday, it still has ten shipbuilding orders on its books. Although some of these could no doubt be cancelled there can be little question of a dramatic shutdown. An accelerated rate of lay-offs of both manual and clerical workers as each order is completed was the Government's threat last October, but even a phased rundown carries alarming implications for Ulster's economy.

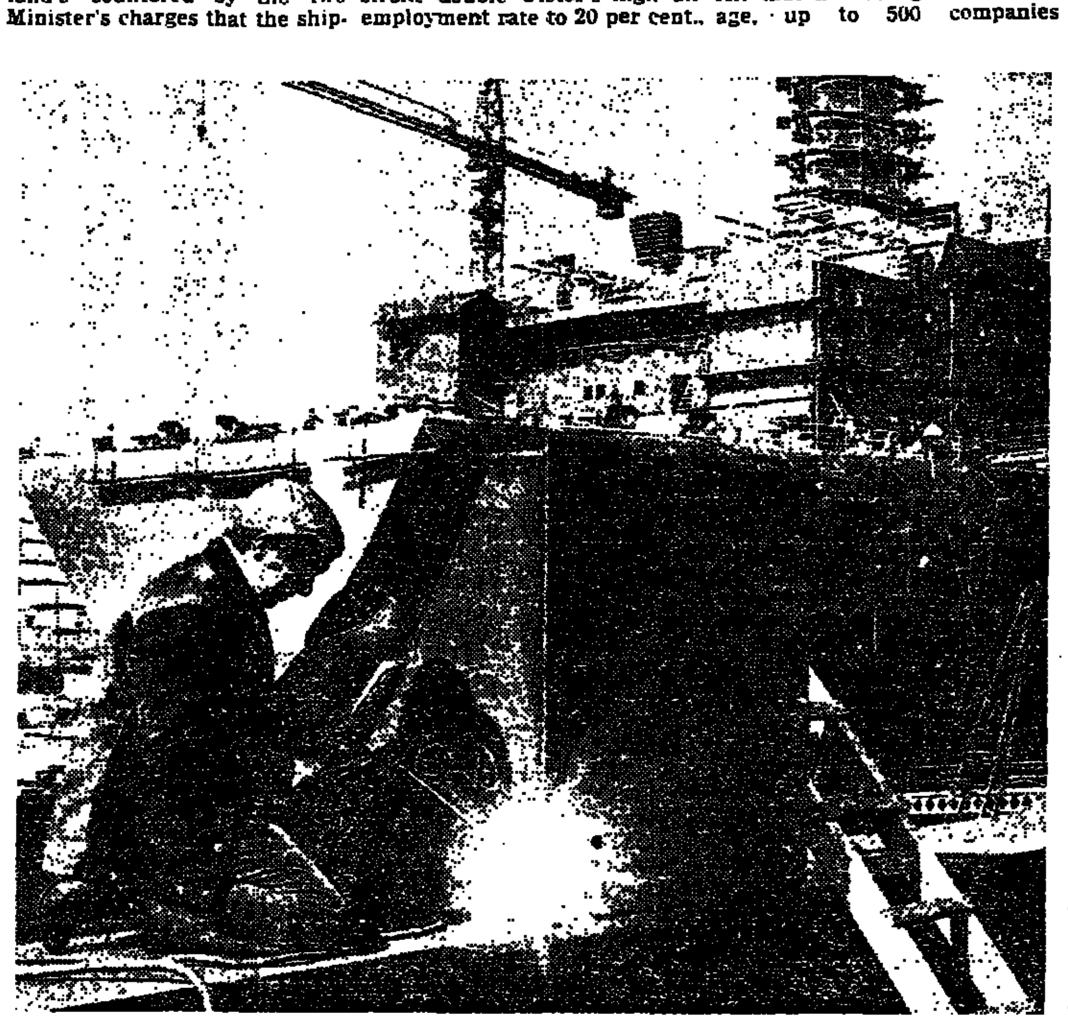
This summer's scheduled closures of Government Defence Establishments in Northern Ireland and at Rolls-Royce and Standard Telephones and Cables will add a further 5,000 skilled men to Ulster's jobless total of 50,000, and political leaders like Mr. William Craig, the Vanguard Unionist MP whose constituency is East Belfast, have warned that even without massive lay-offs at Harland's the province's unemployment situation could reach a crisis level of 18 per cent. by the end of the year. Earlier closures during the past 12 months have already shut down around 50 companies in Northern Ireland, and taken up to £70m. out of the Province's economy. Whitehall now calculates that the subvention paid to Ulster will next year rise to around £900m. from the present £600m. level.

Industrial decline

Given the size of the sums involved in the Government's efforts to maintain Ulster's living standards at the level of those of the U.K. in the face of the Province's marked industrial decline, Harland and Wolff's management clearly finds it hard to accept that further grants will not be forthcoming, especially when the adverse effects of the shipyard's failure will be out of all proportion to the cash involved. Inevitably, Ulstermen see the situation as coming down to politics and, more specifically, the politics of British withdrawal from Northern Ireland.

The original decision not to include Harland's in the overall nationalisation of the British shipbuilding industry naturally aroused resentment because the yard, with its improved facilities for building tankers, is complementary to the rest of the industry. Veiled suggestions from within the Government that saving Harland's would be at the expense of other shipyards are also rejected. If Ulster can detect any pattern in Westminster's approach it is that Britain is discontinuing its involvement with Harland's as a step towards severing its links with Northern Ireland.

The Province's militant Loyalist, smarting under the British Government's refusal to accept any devolved government that is not power-sharing and its consequent imposition of direct rule, are certain to see Harland's closure as a ready-made rallying call. The shipyard workers traditionally represent the cream of Ulster's Protestant working class, and with their highly specialised skills many are virtually unemployable elsewhere. Although throughout the seven year troubles the yard has generally remained free of open sectarianism, the fear is that the newly redundant men from the yard, and from the yard's subcontractors, will willingly be mobilised by such paramilitary forces as the Ulster Defence Association. The correlation between Ulster's areas of high violence has long been evident.



One of Harland and Wolff's 9,500 men who would be unemployed if the Government closed down the yard. A recruit for the UDA?

MEN AND MATTERS

Goodbye to the City Press

Eight months after being revamped as a "European business weekly," the 119-year-old City Press has ceased publication. It doubled as the oldest financial weekly paper and as a chroncler of the minutiae of City of London life, being taken over last year by Greek publisher Themistocles Vokos.

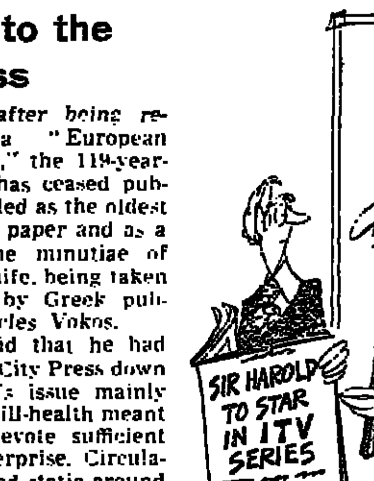
Vokos, 37, said that he had decided to close City Press down after this week's issue mainly because his own ill-health meant he could not devote sufficient time to the enterprise. Circulation had remained static around the 12,000 mark. Vokos had originally intended a three-year development plan to raise readership significantly and make it as successful as his company's magazine Seatrade, which continues and flourishes.

The City Press decision came out of the blue for its 35-year-old editor, ex FT man Rob Hawkins. He said yesterday: "I heard about it at 11 o'clock this morning. There were no prior consultations."

Hawkins added he had been asked to stay with Vokos Publishing, but had decided to resign. Two of the seven staff journalists working in the three-storey Georgian building which is the Press's City office have also been offered other jobs with the company. Hawkins, having spent the end of last week at a City Press-sponsored conference on commodities which had proved a successful occasion, thought the paper "can still work." Vokos declared that it was closing "for the time being," but though activities like conferences will continue, the paper's chances of re-emerging look slim.

As Hawkins said, City Press was owned by a "long and distinguished line of eccentrics," including at one stage the late Harley Drayton who harboured ambitions of turning it into a daily. Vokos acquired it from two financial journalists, Richard Lamb and John Heffernan.

The new look last October led to greater concentration on the financial scene in a magazine-style format. The last issue, number 8549, concentrates on the UNCTAD talks in Nairobi, leaving an item about nominations for City sheriff to the back page. A neat summing up, perhaps, of the tricky business of tailoring news emphasis to the available audience.



"So that's their contribution to getting the licence fee raised to £25!"

Dicey

On a happier note, Themistocles Vokos's family is involved in this month's Posidonia International Shipping Exhibition in Greece. Among the companies there will be Vosper Thorneycroft and visitors to its stand will be given a specially created board game (and dice).

Sounds like straining for a gimmick, but some of the squares on Vosper's ship repair game have a cheerful ring of truth. There are the expected puffs, like "Urgent dry dock repairs. Lucky you're with Vospers. Save £5,000." Then there are digs at the opposition: "Hurricane in Haiti. Lose one turn if repairing in U.S.A." But, with nationalisation creeping up, what about square 9? "Government overthrown. Lose one turn unless in U.K. where unpopular governments seem to thrive!"

Santos of AIB

I had a bit of fun yesterday with the extreme brevity of the replies given by one banker on the subject of Brazil in a recent magazine article. Behind the questions, of course, was the serious point of Brazil's standing in the international loans market, a subject on which the London-based Atlantic International Bank takes a particular interest as it has lately come to concentrate on finance for Latin American countries.

An important role in that endeavour is now being played by a Brazilian who during the sixties was a familiar face in one important sector of the London business scene: Joao Santos, former secretary general of the International Coffee Organisation.

Santos did that job from 1963 to 1968. He left to be chief executive of the Inter-American Development Bank in Washington before switching back a couple of years ago to his home beat and private interests. He has now, at 60, become Latin American representative for AIB, whose shareholding banks are Britain's Charterhouse Japhet, Banco di Napoli of Italy, F. van Lanschot of Holland, and Manufacturers National Bank of Detroit and Shawmut of Boston.

Santos trained as a lawyer and an economist in his native Rio de Janeiro, and first came to national prominence in the *mid fifties when he served as* an under secretary for industry and commerce.

From that, he moved to coffee. It is a commodity sometimes reckoned second only to oil in the value of worldwide trading (the total international figure is currently in the $4bn. *region)* and the 40 or so exporters are mostly numbered among the under-developed nations. Santos laboured patiently during the late fifties to weld first the Latin American producers and then, gradually, those in other parts of the world into marketing agreements.

The breakthrough came when importers joined in. The International Coffee Organisation, headquartered in London, thus finally embraced 42 exporters and 25 importers. Santos was in charge for the first five-year agreement, collecting an ulcer *in the process, and left for the* U.S. after overseeing the negotiation of a new five-year agreement.

Glug, glug

Why was Noah the greatest *industrialist in history?* Because he managed to float a limited company while the rest of the world was going into liquidation.

Observer

SOCIETY TO-DAY

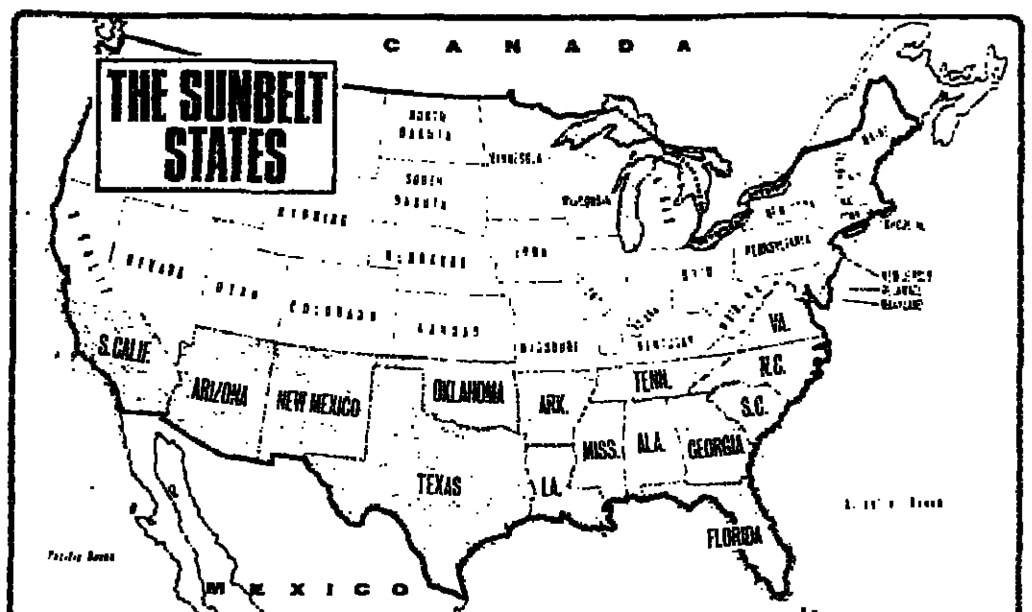
BY JOE ROGALY

The new strength of the Sunbelt States

NASHVILLE, Tennessee — The Americans are blest with an advantage that we British can only envy; they can emigrate without leaving the country. The population of the 15 "sunbelt" States shown on the accompaning map has grown by some 60 per cent. since 1950, compared with a growth of around 32 per cent. in the rest of the Republic. The fundamental reason for this is that millions of people have decided, not *irrationally*, that they would be better off in Southern California, or Florida or Arizona, or even Tennessee, while a number of very large companies have followed, or led, the migrants into the apparently greener pastures.

The explosive development of Houston—not to mention Dallas-Fort Worth—in Texas is by now a well known story: what we, who are confined to a few small islands off the European coast, can only regard with open-mouthed wonder is the comparable growth elsewhere: in Phoenix, Arizona, and New Orleans, Louisinia, and unheard of places like Sarasota, Florida. The Greyhound Corporation has moved its headquarters from Chicago to Phoenix: Simmons Mattress has, *in the horrible American usage* "relocated" from Manhattan to a sort of country estate near Atlanta, Georgia. The Huyck Corporation which makes equipment for the pulp and paper industry, has taken its previously split management offices down from Connecticut and New York to an 85-acre site just north of Raleigh, North Carolina. During the decade 1964-1974 *the number of companies in* Fortune's list of 500 that are based in the South and West has risen from 75 to 112. It seems likely that the movement of smaller fry has been even more remarkable.

It would be rash to deduce any broad general conclusions about the future of the U.S. from this phenomenon. The Americans have been wandering around their enormous country ever since the Pilgrim Fathers arrived; their urge to move West has become a part of the world's folk lore. Yet even the tempting label "Sunbelt" contains pitfalls common to all such notions. The area includes Mississippi and Arkansas—where an 8 per cent. and an 11 per cent. net population growth since 1950 has been well below the national average—and excludes Northern California (109 per cent.), Nevada (270 per cent.), Utah (75 per cent.), and Colorado (91 per cent.) where, from a small base, growth has been extraordinarily rapid.



Powerful

Yet some Americans are taking to the "Sunbelt" idea as a serious political and economic development, and as outsiders, we cannot absolutely discount it. Time magazine recently devoted several pages to an article about "Americans on the move;" Fortune has discussed at some length, the reasons for the migrations of corporations; Business Week has devoted a special report to "The Second War between the states" and both the New York Times and Wall Street Journal have devoted a series of articles to the subject. A Mr. Kirkpatrick Sale has aroused a great deal of attention with his recent book entitled "Power Shift—The Rise of the Southern Rim and its Challenge to the Eastern Establishment"—Which suggests that the area that was formerly known as a bulwark of racialism is now becoming an increasingly powerful defender of Right-Wing conservatism. I would grant the power—for among current Presidential aspirants both Mr. Reagan and Mr. Walace can be said to come from the "Sunbelt"—but perhaps not the conservatism, for after all the liberal Democratic hopeful Mr. Morris Udall is from Arizona and the enigmatic Mr. Jimmy Carter is of course from Georgia.

If Mr. Carter becomes the Democratic Party's candidate for President we will certainly *hear a great deal about the* "new South" and its resurgent power and influence in the nation. It also seems very likely that the Southern region (not including Southern California or Arizona) would vote fairly solidly for one of their own, whatever his views, for the simple reason that most Southern voters came of age during a period in which the area was treated with aloof disdain by the North-Eastern aristocracy.

Now there is a steady migration of middle class whites and some return of middle class blacks) from North to South, in spite of these changes it still seems reasonable to accept the Carter calculation that the Southern solidarity engendered by the years of disdain would persist when the election came. Democratic candidates *like Mr. Hubert Humphrey and Mr. George* McGovern lost the traditional Democratic South to Mr. Richard Nixon, with his racial nudges and winks, and Mr. George Wallace's help, in 1968 and 1972—but now, the reasoning goes, the area is ready for a regional "favourite son" whose attitude to blacks is best described as unfathomable.

There is a certain irony in all this. Most Americans with whom I have spoken over the past few weeks will agree, privately, that at least some of the southward migration has been caused by the fear felt by white Americans when they contemplate the consequences of black takeovers of city centres. It was indeed in Boston, Massachusetts—once the home of the topmost elite of U.S. society—that I encountered the ugly side of lower class white antipathy to "busing" school children to achieve racial integration, but it is in Nashville, supposedly a southern-hick town, that the court-ordered busing, which ran into opposition at first, is by many accounts now working fairly smoothly. And Nashville's version of Angela Rippon, on the local TV news is a dazzlingly beautiful black lady. One feels that the Tennesseans have come to terms with one another.

It could be that this sense of self-confidence, of being able to solve problems, is one explanation of the attractiveness of the "Sunbelt." The stranger feels it on arrival at the airport. Here, perhaps uniquely is an Avis that proclaims itself Number One above the local Hertz. The ghastly miles of *towering neon signs on the* motel drive-in strip on the way to town are evidence of both a thriving commerce and an exuberant belief in small business values: where else could one be tempted by a roadside restaurant named Sho-Nuff *Chicken or a nightclub aptly* entitled Possum Holler?

A lot depends, of course, on who one is. I must confess to an enjoyment of "Country and Western" music and to a belief that unless one understands, or at least comes into contact with, *the kind of American (that most* "ordinary" of "ordinary" men) to be found in this type of environment, nothing about the U.S. is comprehensible. The buildings in the centre of Nashville tell the immediate story all at once: out of its one- and two-level past its skyscraper future has already begun to emerge. The people who work in the new offices will, if white and fortunate, drive in from what for them is a fairly standard one-acre lot in a countryside suburb. It may take all of 20 minutes. There is a growing *black middle class, but it has* to be said that as in so many other places, the poor remain a responsibility that the city has not done enough to meet. Nashville lacks the cultural amenities of, say, Chicago or New York, but for the middle classes it is within easy reach of these, and easier reach of Atlanta.

Its outdoor life is superb: a series of lakes created by the dams of the Tennessee Valley Authority enables those who work in the city and perhaps live within its extensive boundary to enjoy country-life every evening and all week-end. A recent national tabulation of indicators of the quality of existence in American cities (crime rates, health, wealth, education, crowding and the like) placed Nashville 12th out of 50. New York was 32nd, Detroit 47th and the unspeakable Newark 50th. Nashville's Chamber of Commerce publishes an annual list of companies that have brought branches or headquarters to the town, and while its magnetic power is obviously puny beside that of Houston, it is strong enough to keep the local economy broad-based, and recessions permitting, optimistic. Commercial Union has moved in from *nearby Memphis: Pilkington* Glass has a small joint venture there with the Ferro Corporation, and the Marquette company, America's sixth largest cement producer, has moved its headquarters to Nashville from Chicago.

Instructive

This company's reasoning is instructive. It has plants in 11 states and was revamped by a new chief executive in 1972. "Why are we in Chicago?" he asked, so they looked around the centre of the map of their markets. Most of the moneey in their new investment plan ($45m. over five years) was to be spent in modernising the older *southern factories* anyway. Nashville was the final choice after much searching.

It is however only one example among several dozen. The company found that most but not all of its financial services could be met locally; other companies say much the same. Nashville has some surprising financial strength: 14 insurance companies with combined assets of $2.9bn., most of it controlled by National Life and Accident, which owns "*Opryland*," a Tennesseean version of Disneyland which is attracting nearly 2m. paying visitors a year. The strength of competitiveness of the local banks is remarkable to anyone who has never previously thought of Nashville as any*thing but a country music town.* The industrial infrastructure is strongly developed: apart from TVA's tower the incoming consumer durable makers Carrier air conditioning, Chrysler, Firestone, Dupont) can build on the industrial traditions of the outgoing clothing and footwear manufacturers.

For many companies the primary attraction of the South must be its thrusting business climate. Unions are weaker down there, taxes are lower, and in many places economic growth is regarded as a greater value than protection of the environment. "You do not feel like a social outcast if you want to make a buck," I was told by one migratory capitalist. In direct contrast, others pointed out that if you are prepared to take less pay in return for a quieter, *more nearly rural life*, the "Sunbelt" is the place to go. We in Britain have people who must long to migrate for either one of those mutually contradictory reasons, but it is those lucky Americans who have the chance to do it.

Letters to the Editor

Higher costs all round

From the Sales Director, Lawton Minerals.

Sir,—We import industrial minerals from our factory in Holland. The products come in powder form, packed in 50 kgs paper bags, stacked on pallets, *and shipped 20 tons at a time* in opensided containers or on flats. All very simple and straightforward.

We were told on May 28 that one of the flats, on arrival in Immingham, has been selected by Customs and Excise for "turn out" which means that the entire load has to come off, be inspected and put back on again. All this is to make sure that there are no bottles of Dutch gin hidden between the bags.

Fair enough, but from experience in our works, we know that lifting 20 pallets off, putting them on the ground, counting the bags and replacing them on the flat, takes less than half an hour. The cost of the operation should therefore be no more than £10 but somehow it is going to cost us £112 because that is the standard charge laid down by Tor Line which, as carrier and operator of the container base, is responsible to Customs and Excise. We have of course no option but to pay up and shut up because shipping the flat back to Holland costs more.

Customs and Excise claim that they are entirely within their rights and that they inflict this modern form of Turpinism on one out of every 30 containers passing through. We have been refused permission to have the flat unloaded under Customs supervision at our warehouse a few miles outside Immingham, even though we would be glad to pay their travelling fees.

What is so utterly galling is that apart from suddenly being held to ransom *for £112*, which is of course a straightforward loss, the "inspection" can take anything up to 14 days, meanwhile our customers will be kept waiting unless alternative measures are taken to supply them, which means even higher costs all round.

If this is meant to be a kind of import control on the quiet, we can see the logic, but it will inevitably push up the cost of imported goods.

J. M. Joustra.
Rosevale, Chesterton, Newcastle, Staffs.

Politics and business

From The Vice-Chairman, Greater Merseyside Liberal Party.

Sir,—David Watt's article (May 28) about politics and business fails to mention the Liberal Party. One of the reasons why the Tory Party has modest support from industry is that a large number of those in industry support the Liberal Party.

The picture frequently painted of industry is of division between management and labour. The reality is that managers at all levels spend 99 per cent. of their time working happily together with the workforce and many of these managers wish to see an expansion of worker participation and profit-sharing. In addition, they are only too well aware that the present system endangers their jobs because companies can be taken over without employees being able to make any protest. Such takeovers occur sometimes because shareholders wish to have a short-term advantage.

The Tory record of 1970-74 was appalling and to retrace those footsteps would bring nothing but catastrophe. Added to this only 38 per cent. of those who voted support the present Government. Businessmen are well aware that proportional representation favoured by Liberals would halt nationalisation and preserve the unity of the U.K. much more effectively than voting Tory.

M. R. D. Gayford.
Periwinkle, Meols Drive, West Kirby, Wirral.

Bottles and cans

From the president of the National Association of Soft Drinks Manufacturers.

Sir, — I read the article by Ken Gooding (May 24) with reference to the impending apparent fight between bottle makers and can makers, and I find the statement made by Mr. *Vic Henders, managing director* of United Glass: ". . . and that it is cheaper to throw it away and use *a new one rather than go* through a reclamation process" difficult to comprehend.

We in the soft drinks industry have for many years operated a returnable bottle system successfully, and in no way is it cheaper to throw away bottles than to collect and re-use them. We appreciate that the one-trip bottle has a *necessary* function to serve in supermarkets and self-service stores, where it could be argued that the cost of handling is in excess of the cost of *re-using*. In confectionery, tobacconist and newsagent outlets, however, through which a large proportion of the soft drinks business is done, the returnable bottle is still, and will remain, the cheapest way to buy soft drinks ounce for ounce.

I should finally like to add that we in the soft drinks industry *do not feel that any useful pur*pose is going to be gained by our suppliers attacking each other at a time when resources are at a premium.

R. H. Stothert.
A. G. Barr and Co.
North Road, Atherton, Manchester.

Give it to the miners

From Mr. A. Scott.

Sir,—Although sterling is in a very sorry state, the fact remains that in Europe we are the best endowed in resources of fuel. If we order things right, we may even have the last laugh.

Apart from oil and gas, we also have substantial reserves of coal, especially at Selby and in the Midlands. What worries many people at home and sceptical foreigners is whether we can mine the coal efficiently. Private enterprise was not a success and public ownership leaves much to be desired. The miners are very independent and tend to regard their owners as a milch cow. Why should they beg, threaten and coerce governments when they could really be independent and stand firmly on their own feet?

As an alternative to public ownership the various areas could be separate corporations owned entirely by those who work in them. The public purse *would provide capital at a reason*able rate of fixed interest, but profits would be entirely at the disposal of a board elected by the workforce. There could be a type of equity shares given on a basis of status and length of service. Old miners on the surface and receiving a lower wage *would not lose any shares*.

The industry could maintain a joint research unit to prospect and keep it up-to-date. There would be much more efficiency and the miners would be got off everyone's backs. Mr. Scargill could be better employed than telling us that his members' standard of living is falling. They are not alone.

A. H. Scott.
102 Beeches Road, Chelmsford, Essex, CM1 2RX.

Inflation accounting

From the Chairman, Brooks Cleaners.

Sir,—I was much heartened to *see your report (May 20) of the* concern now being publicly expressed concerning the Institute of Chartered Accountants' "official" policy on accounting for deferred taxation.

This matter has been a source of some disquiet for some years now to a minority—but nevertheless a substantial minority—of businessmen and corporate accountants.

As a chartered accountant, and one who has learnt the hard facts of business in practice rather than in observance from the sidelines, may I heartily endorse the comments offered by your reader, Mr. Ralph Instone, in his letter of *May 24*. Not *all* chartered accountants think as does the Accounting Standards Committee: indeed some of us must wonder whether our profession, as a whole, is working for its clients or for the Inland Revenue.

R. S. Brooks.
Ashley Vale, Bristol.

The CBI as a politician

From The Chairman, Executive Search International.

Sir,—May I add to my accusation (May 21) that the CBI is a politician unrepresentative of the rank and file of its members that Professor Innis Macbeath (May 28) is an academic out of touch with the real world. Economists, academic to a man, and politicians are responsible for the commercial situation in this country about which businessmen complain.

I don't claim to represent anyone. I voiced an opinion based on talks with quite a large number of businessmen. Others must tell me if it is valid—surely the only critical point, Professor Macbeath?

At least the CBI accepts the opinion. In the same issue as Macbeath's letter, your headline states "Adamson urges shake-up in CBI" (which), he is quoted as saying, "should be more truly representative of those they claim to speak for. . . ." In conclusion I ask the CBI: "How?"

J. M. Reid.
8A, Symons Street, Sloane Square, S.W.3.

Gas-cooled reactors

From Mr. H. Hunt.

Sir,—Your leader and article of May 25 gave prominence to Professor P. D. Henderson's conclusion in his stimulating inaugural lecture at University College that the investment in five advanced gas-cooled reactors has been a "waste of resources." Professor Henderson reached this conclusion by comparing the AGR's we now have with the hypothetical light-water reactors of U.S. origin that appeared in 1967 to be the alternative. He *freely acknowledged* that it is impossible to determine how much excess cost or delay might have been encountered if these LWR's had been built in the U.K. (Evidence of delays in subsequent construction of LWR's in the U.S. is not encouraging in this respect.)

For Professor Henderson the AGR is no more than a case in point to support his plea for changes in our decision making process. For the electricity consumer (and the balance of payments) it is pertinent to note that the owner of one of the first two AGR's now operating (the Central Electricity Generating Board in the person of its chairman) is reported as saying at an international conference the same day that its fuel costs are much lower than the most efficient fossil fuelled station and *its thermal efficiency* much higher than any other nuclear station operating anywhere.

Let us for once take pride in our accomplishments and not bemoan that we might, theoretically, have done better.

H. Hunt,
Economics and Programmes Branch,
United Kingdom Atomic Energy Authority.
11, Charles II Street, S.W.1.

Whose words of wisdom?

From Mr. P. Stephenson.

Sir,—You print (May 26) a letter from Mr. J. H. Brooke headlined "Words of wisdom," repeating the often-quoted list of sayings by Abraham Lincoln such as "You cannot strengthen the weak by weakening the *strong" and "You cannot help* the poor by destroying the rich."

But where and when is Lincoln supposed to have said or written these things? I doubt it. I have always understood that they were a concoction by a right-wing American political writer of the late 19th century, palmed off by him on the memory and prestige of the man who talked of "Government of the people, by the people, for the people."

Peter Stephenson.
23, Belsize Park, N.W.3.

Accounting standards

From the Director, International Centre for Research in Accounting

Sir,—How ironic that the letter from Mr. Instone (May 24), criticising the attempts of the accounting profession to improve standards of financial reporting, should be addressed from Lincoln's Inn.

If members of the legal profession were less rapacious and exhibited more diligence and efficiency in serving the public good, that profession might well have been spared the indignity of having its activities investigated by a Royal Commission.

Mr. Instone might also care to reflect upon the fact that the Chairman of this Royal Commission is a very distinguished *accountant, Sir Henry Benson*, who has devoted himself in the last couple of years to the successful establishment of the International Accounting Standards Committee.

Accountants need no lessons from lawyers (or, at any rate, from British lawyers) on how to raise the quality of accounting standards, and it will be a sorry day for the commercial life of this country if the standards programme ever falls into the slough prescribed for it by Mr. Instone in his letter.

Edward Stamp.
University of Lancaster, Gillow House, Bailrigg, Lancaster.

To-day's Events

GENERAL

Figures of U.K. official reserves for May issued.

National Economic Development Council meets.

Mr. Gerald Kaufman, Minister of State, Industry, meets M. Marcel Cavaille, French Transport Minister, to discuss possibility of full British participation in European Airbus consortium, Paris.

International Monetary Fund holds its first gold auction, Washington, to raise money for new trust fund for developing nations.

CBI Smaller Firms Council meets.

Lord Hinton of Bankside, president, Council of Engineering Institutions, addresses delegates at third annual assembly of Engineers Registration Board, Institution of Civil Engineers, S.W.1.

Sir Alan Dawtry, chief executive, City of Westminster, and president, Society of Chief Executives, addresses Society's annual conference, Bedford Hotel, Brighton.

Union of Construction, Allied Trades and Technicians conference, Scarborough.

OFFICIAL STATISTICS

Capital issues and redemption during May.

COMPANY MEETINGS

Black and Edgington, 21, Tothill Street, S.W., 12. Chersonese (F.M.S.) Estates, 10, Mincing Lane, E.C., 12. Dreamland Electrical Appliances, Great Eastern Hotel, E.C., 12. Fisher (James), Barrow-in-Furness, 12. Guardian Royal Exchange, Chartered Insurance Institute, E.C., 12. Haden Carrier, 7-12, Tavistock Square, W.C., 12. Jessel Toynbee, 30, Cornhill, E.C., 3.30. Lowland Drapery, Glasgow, 12.15. Morris and Blakey Wallpapers, 10, Belgrave Square, S.W., 12. Richards (Leicester), Leicester, 2.45. Rotaflex (Great Britain), 241, City Road, E.C., 10. United Kingdom Provident, Salisbury, 12. Uttley (William), Glenfield Mill, Nelson, 11.30. Wights Construction, Edinburgh, 11.

BALLET

Rudolf Nureyev dances in his own London Festival Ballet production of The Sleeping Beauty, Coliseum Theatre, W.C.2, 7.30 p.m.

Royal Ballet perform La Fête Etrange, Lulu, and Raymonda (Act III), Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

London Mozart Players, conduct Harry Blech, with Murray Perahia (piano), play works by Haydn, Mozart and Schubert, Royal Festival Hall, S.E.1, 8 p.m.

SPORT

Golf: Amateur championships, St. Andrews. Tennis: Chichester tournament. Northern tournament, Didsbury.

COMPANY NEWS + COMMENT

Northern Foods well ahead at halfway

AS EXPECTED, pre-tax profits of **Northern Foods**, at £5.84m. for the half year ended March 31, 1976 are well ahead of the £2.96m. for the corresponding period last year. Turnover improved from £81.55m. to £98.51m.

Current figures are encouraging and indicate a significant improvement for the year over the record £9.38m. of 1974-75.

The first half profit includes a contribution from Clover Dairies for six months as if that company had become a group member on October 1, 1975, from which has been deducted full cost of servicing the purchase consideration.

Stated earnings per 25p share are 3.6p (2.24p adjusted) and the net interim dividend is again 1p —the previous final was 1.528p.

	Six months 1975-76 £000	1974-75 £000
Turnover	[illegible]	[illegible]
Trading profit	6,931	4,367
Depreciation	1,283	975
Trading profit	5,648	3,392
Investment income	156	73
Interest on borrowings	404	575
BCT profit	467	299
Assoc. share	27	32
Profit before tax	**5,838**	**2,964**
Taxation	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Minority	[illegible]	—
Extraordinary debit	[illegible]	—
Preference dividend	5	—
Attributable Ordinary	2,709	1,471
Ordinary dividend	776	441
Retained	1,934	[illegible]

The chairman, Mr. N. Horsley says there has been a substantial price increase and consequent reduction in sales.

On milk manufacturing he says rationalisation and recovery in *milk supply is producing a major improvement in profits.* Good profit increases in milling and baking were a result of volume and recovery in margins and the modest profit improvement in brewing was despite a disappointing sales trend.

British Credit Trust new business is *running at higher levels* than the national trend. The cash flow is strong and substantial capital investment is adequately covered by self generated funds.

The integration of Clover Dairies is progressing well but full benefits will not be realised until next financial year, the chairman says.

See Lex

LAWSON CHANGE

A proposal is being put to the unitholders of the **Lawson Scottish Resources** by the managers that the name be changed to Lawson Growth. The greater flexibility will enable the managers to invest not only in the U.K. as a whole but also to seek out attractive situations in other parts of the world such as Hong Kong and the Far East.

HIGHLIGHTS

Lex devotes the bulk of the column to a general look at the underwriting scene. Also covered is the first half performance from **Northern Foods** where profits are well up helped by an acquisition, recovery in baking and a good six months for milk: record profits are forecast for the year. Elsewhere, **McCorquodale** has had a poor first half reflecting losses in the U.S. as well as in Brazil. Stripping out the effects of duty increases leaves **Martin the Newsagent** with volume shortfalls in most facets of its business. **J. Smart** is looking for sound growth this year but the long awaited recovery at Brigray is still some way off.

Improving trend for Brigray

For the year ended January 31, 1976, the **Brigray Group** of garment and knitted fabric makers reports a loss of £104,889 compared with a £56,973 deficit in 1974-75. Sales were steady at £2.07m.

Compared with the first half, when a loss of £96,879 (£32,684 profit) was reported, the improved *results for the second six months* were influenced by special factors, especially the curtailment of loss *making activities the directors say.*

At the same time the expansion of the main clothing factories is starting to show anticipated results.

The *current year is one of re*construction. Many of the steps initiated by the new Board since September 1975 will take time to show their full potential.

Nevertheless, a firm step in the right direction has been made and the Board is confident about the forecast made in January 1976 of a significant improvement in *results in the current year.*

A new internal accounting system has been installed which is providing the Board with more accurate information. As a result, proper financial controls have been established.

	Year 1975-76 £	Year 1974-75 £
Sales	2,072,795	2,074,197
Loss	104,889	56,973
Tax	—	55,415
Minority loss	4,451	5,705
Extraordinary loss	—	125,552
Attributable loss	100,438	188,330

No dividends are being paid—the last payments totalled 0.2p per share in 1973-74.

● comment

After reducing losses by around 92 per cent. in the second half of last year from the level of the previous six months, the new management at **Brigray** is looking for a "reasonable profit" in the current year. However, whether that will be enough to inspire the shares, which at 7p are capitalised at £530,000, looks doubtful. The new management (which took over in September of last year) has wiped out many of the loss-making activities, predominantly on the double-knit jersey side, but anticipates that a recovery in overall trading conditions is at least a year away. Moreover, even though borrowings have been sub*stantially reduced to around* £450,000, the group still looks highly geared.

J. Smart expects at least £1.4m.

TAXABLE PROFITS of J. Smart **and Co. (Contractors)** are estim*ated to be up from £926,452 to not* less than £1.41m. in the year to July 31, 1976. This is after allowing for a loss of £130,000 on sale of investments (£28,329 profit).

The directors state that the group has had a successful year with completions running at a high level. Turnover is expected to be up.

The interim dividend is raised from 0.819p to 0.9p net—members holding about 50 per cent. of the shares have waived this dividend. A final of 2.351704p is forecast making a maximum permitted total of 3.251704p against 2.956095p.

● comment

J. Smart is aiming for a 1975-76 trading profit increase of 73 per cent. which reflects a high level of contract completions during the year. However, the group, which takes most of its profits on completion, does not anticipate that this growth rate will continue for very long. Around 60 per cent. of the turnover is concerned with local authority work and new orders here have slowed down considerably in the last few months. The group is hoping to offset this by building up its private housing side where demand has so far shown no signs of weakening. This should keep profits moving ahead beyond the current year and, with cash resources now well in excess of the £1.3m. in the last accounts, *the shares at 40p, to yield* 10.4 per cent. appear on fairly solid ground.

Statement Page 23

Morgan Crucible liquidity

NET LIQUID funds of **Morgan Crucible** increased by £6.2m. in 1975 compared with a decrease of £1.36m. in the previous year.

Short-term deposits showed an *increase from £0.84m. to £4.36m.,* while overdrafts were down from £7.4m. to £4.76m.

In 1975 the group had a good fourth quarter and profits, before tax, finished the year at £5.95m. against £6.36m.

For the first quarter of 1976 an increase from £1.09m. to £1.44m. in profit has already been reported and the chairman Mr. Ian Weston Smith said that he expected progressive imporevements in demand to increase profits throughout the remained rof the year.

In the carbon division Morganite Midwest has been merged with Morganite Incorporated. With the improvement in the U.S. economy the directors look forward to substantially better figures in 1976.

Thermic subsidiaries in Europe were subjected to a particularly *difficult business atmosphere.* Their *results* were poor but they will quickly take advantage of *opportunities* for expansion as trade recovers.

In the international division *orders for 1976 are healthy,* especially for the carbon and thermic divisions.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
James Dawson	3.17	July 26	3.17	4.42	4.42
Estates and General	0.2	—	Nil	0.7	0.7
Firmin and Sons	2	—	1.76*	3	2.76*
Laughton and Sons	2	—	—	9.5	7.5
McCorquodale int.	4	Aug. 2	4	—	12.75
Martin Newsagent int.	1.99	July 3	1.81	—	3.91
Northern Foods int.	1	Aug. 27	1	—	2.53
Renong Tin Dredging int.	1.5(a)	June 28	2	—	12
J. Smart int.	0.9	June 28	0.82	—	2.96

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. (a) Gross throughout.

Martins slowdown at midway

FOR THE half year ended March 28, 1976, profits before tax of **Martin the Newsagent** rose 3 per cent. from £1.11m. to £1.15m. Sales, excluding VAT, were up 26 per cent. at £27.72m.

Stated earnings per 25p share were *10.44p (10.40p).* The net interim dividend is lifted from 1.8091p to 1.99p—the total in 1974-1975 was 3.9062p from pre-tax profits of £1.95m.

	Six months 1975	1974
Sales	27,717	22,016
Trading profit	1,168	1,124
Interest payable	19	9
Profit before tax	**1,149**	**1,114**
Tax	597	573
Net profit	552	541
Extraordinary credit	1	17
Preference dividend	4	4
Attributable Ordinary	549	554
Interim Ordinary	104	97
Retained	445	457

The directors say the slowdown in profit growth in the first half which was also affected by disappointing sales, should be temporary. *The underlying strength of the group together with expansion plans should bring profit growth back on course.*

The 13 branches likely to be purchased in the current year are *all existing conventional newsagents:* in addition the directors are currently negotiating for the purchase *of a further six which* should start contributing to profits early in the next financial year.

The 17 new sites expected to open during the current year comprise five conventional newsagents, ten medium-sized stores in main trading positions and two general stores.

Profit from new sites—some 40 branches opened over the past two years—has been affected by economic conditions, including the slowing down of building development. Directors however, expect a material contribution from them within two to three years of opening.

With regard to expansion for 1976-77, new site development will *be considerably less than over the past two years.* Directors will be concentrating on the purchase of existing shops *both on good* estates and in *main centre positions in smaller towns.* They will also be *redeveloping* a number of existing branches.

● comment

Taking out some 10 points of Martin's 26 per cent. sales growth for duty increases underlines the volume shortfall that was evident in newspapers, periodicals, and confectionery. Meanwhile trading margins came under pressure, dropping a *point* to 4.2 per cent. —a *reflection* not only of higher overheads and customer trading down, but also the extra time needed during a period of recession for new sites to reach profits maturity. So pre-tax profits have risen by only 3 per cent. Yet Martin now reckons that the slowdown in sales growth will bottom out during the year to next September, and from then on the company is looking for volume to start increasing again. In the *meantime any profits increase this earr is bound to be modest,* though at 134p the prospective maximum yield of 5per cent., already covered more than twice by interim earnings, is not particularly cheap for the sector.

£45,000 payment by French Kier

A FORMER director of **Fresch Keir**, *the civil engineering, building and property development group, received compensation for loss of office of £45,000, according* to the latest report and acocunts for 1975.

Mr. W. J. *Braby, the finance* director of W. and C. *French prior* to its merger with J. L. Kier, was voted off the main Board of French Kier at the annual meeting on June 27, 1975. He subsequently resigned as a director of certain subsidiaries and finally left the group at the end of October, 1975. Mr. Braby had about eight years of his service contract left to run.

As reported May 18, together with a full preliminary statement, there was a group pre-tax loss of *£1.89m. (£2.94m.) in 1975. A return* to a modest profit in the current year was indicated.

The auditors have qualified the accounts for 1975. They refer to land and certain properties held for development and certain completed commercial developments valued by the directors at 17.24m. The directors do not consider it would be helpful to obtain professional valuations of those assets and the auditors "are therefore unable to satisfy themselves that they are stated at lower of cost and net estimated realisable value."

Meeting, Waldorf Hotel, June 25 at 11 a.m.

McCorquodale hit by U.S. losses

REFLECTING A substantial loss by the U.S. offshoot Falconer, group pre-tax profits of McCorquodale, the printing and stationery concern, *slumped* from £1.41m. to £0.52m. in the half year ended March 31, 1976.

The Falconer loss was due to a combination of heavy development costs and production and administrative problems. Strenuous steps are *being taken* to improve the performance of this company, and major changes have been made in structure and control, thedirectors explain.

The pre-tax total includes contributions from associates down from £243,000 to £79,000. This reflects the poor performance of Interprint Impressora in Brazil, which will not show an improvement until 1976-77, they explain.

In a perio dof difficult economic conditions the group's other activities both in the U.K. and overseas have traded reasonably. The group is in a strong position to respond to *any increase* in the activity level.

	First half 1975-76 £000	1974-75 £000
Turnover	20,311	17,913
Share of assocs.	1,278	1,334
Trading profit	683	1,416
Other income	118	29
Interest	362	275
Share of assocs.	79	243
Pre-tax profit	**518**	**1,407**
Taxation	339	690
Net profit	179	717
Minorities	7	4
Extraordinary items*	98	13
Earnings	270	698

*Mainly exchange gains—credit (debit).

The interim dividend is unchanged at 4p—the total for 1974-1975 was 12.75p paid from profits of £2.35m.

● comment

McCorquodale looks to be heading towards £1.4m. pre-tax for 1975-76 which on a normal tax charge would just cover an unchanged dividend. The U.S. operations at Falconer could lose something like £0.6m. overall while a dip into the red in Brazil is going to make for a weak performance from the associates this year. In the U.K. McCorquodale reckons its broad spread printing operations are beginning to show signs of improved demand. But at this stage the underlying group earnings trends still look weak, though by 1976-77 Falconer should be out of the red. The shares eased a tenth yesterday and at 190p they yield 10½ per cent. The group balance sheet remains strong.

Laughton up to £858,254

From a turnover of £8.26m. against £7.07m., taxable profits of **Laughton and Sons**, makers of facepowder compacts and men's jewellery, increased from £658,10[illegible] to £858,254 for 1975.

The dividend is raised from 7.5 to 9.5p, with a final of 2p.

After tax of £433,686 (£343,[illegible]) the net profit emerges at £424,[illegible] compared with £316,019.

ISSUE NEWS

Local loans at $12\frac{1}{4}\%$

The coupon rate on this week's batch of local authority yearling bonds is up from 11¾ per cent. *last week* to 12¼ per cent.—a rate not seen since last October. The bonds are due on June 8, 1977 at par.

This week's issues are: London Borough of Enfield (£1m.), Suffolk Coastal District Council (£½m.), Thurrock Borough Council (£½m.), Wirral Borough Council (£1m.), Dudley Metropolitan Borough Council (£¾m.), Borough of Cynon *Valley (£½m.), Greater Manchester* Passenger Transport Executive (£½m.), Rhondda Borough Council (£½m.), Wiltshire County Council (£1m.), North Devon District Council (£½m.), Beaconsfield District Council (£½m.), City of Liverpool (£1¾m.), Greater London Council (£2½m.), City of Dundee District Council (£½), City of Glasgow District Council (£1m.), *City of Leeds (£1m.).*

Birmingham District Council has raised £1m. by the issue of 13 per cent. bonds due December 7, 1977, at par.

PHILIP HILL

Philip Hill Investment Trust has arranged a multi-currency loan facility of U.S.$3m. to finance portfolio investment abroad, primarily in the U.S. It is intended to draw the facility in Euro-dollars, raising total foreign currency borrowings to U.S.$[illegible]

SUNDERLAND WATER

Underwriting has been completed for an Offer for Sale by Tender of £3m. of 8 per cent. Redeemable Preference stock 1981, in **Sunderland and South Shields Water Company.** Full particulars will be available on Thursday. Brokers to the issue *are Seymour Pierce.*

HEATH—93.9%

The rights issue by C. E. Heath to raise £2.17m. on the basis of one-for-twelve at 305p each has been taken up as to 93.9 per cent. The balance has been sold and the net proceeds amounting to 102.82p per share will be distributed to entitled shareholders.

THE GENERAL SCOTTISH TRUST—Results year ended March 31, 1976 already known. Total investments £[illegible] (£6.61m.)—unrealised appreciation £[illegible] (£0.38m.). Meeting, Edinburgh, June [illegible] 11.30 a.m.

EMBANKMENT TRUST—Results to March 31, 1976 reported April 23, with net asset values. Total quoted investments £9.84m. (£8.96m.), valued £13.22m. (£9.95m.). Current assets £[illegible] (£1.32m.), current liabilities £[illegible] (£0.7m.). Meeting, 21, Moorfields, E.C., June 24, 12.15 p.m.

Francis Inds. sees good first half

THE CHAIRMAN of **Francis Industries**, Mr. D. M. Saunders, told shareholders at the annual meeting that the first five months of 1976 had been a continuing improvement in the trading activities of all group companies following the modest recovery in demand experienced in the final months of the last financial year.

Mr. Saunders said that "for the first quarter of 1976 management accounts indicated that profits before tax of £¼m. have been achieved." He added that this constituted a record for the group.

The Board are hopeful that the group would achieve its highest ever level of profits in the first half of the year.

after tax was £1.02m. (£0.99m.) and the total dividend payment 2.75p.

At March 31, net assets available for Ordinary holders amounted to £53.18m. (£38.32m.) or £1.68 (£1.21) per stock unit.

Lindsay & Williams loss is £90,336

As forewarned, **Lindsay and Williams** incurred a pre-tax loss of £90,336 for 1975 against a profit of £220,462 for the previous year. At midway the loss was £2,190 compared with a profit of £94,016.

The yearly loss per 25p share is stated at 2.5p (earnings 11.1p) before extraordinary items and at 12p (earnings 13.8p) after such items. There is no dividend against a total 3.06p net for last year.

The major reason for the loss was the collapse of the cable market, especially during the second half.

Although the new directors are not prepared to forecast 1976 results, internal management accounts show initial signs of better trends in both orders and profitability, especially in exports, they say.

They instituted a programme that includes overhead reduction, closure of loss making subsidiaries and restructuring of management.

	1975 £	1974 £
Turnover	[illegible]	[illegible]
Trading loss	[illegible]	[illegible]
Interest payable	[illegible]	[illegible]
Loss before tax	**90,336**	***220,462**
Tax credit	[illegible]	[illegible]
Net loss	[illegible]	[illegible]
Extraord. debits	[illegible]	[illegible]
Loss attrib.	[illegible]	[illegible]
Dividend	—	31,524
Loss retained	[illegible]	[illegible]

Profit. †Charge. ‡Credits.

Seccombe Marshall cautious

Bill brokers and bankers, **Seccombe Marshall and Campion**, find the future course of interest rates difficult to predict and intend following a "cautious policy," reports Mr. H. D. Seccombe, chairman—the average length of the book on April 30 was 50 days.

As reported May 19, profit for the year to April 30, 1976 after tax and transfer to reserve for contingencies, declined from £0.44m. to £0.36m. The dividend is raised from an equivalent 12.702p to 13.821p net.

The chairman says that throughout the year the company maintained a reasonable running margin between the cost of money and the yield on securities, varying the size of the book according to profitability and views on future interest rates—the total book varied between £49m. and £103m.

Most earnings came from Treasury, Local Authority and Commercial Bill business. Certificates of Deposit, Local Authority Bonds and Government Stock also proved profitable.

Meeting, 7 Birchin Lane, EC, June 23, 3.30 p.m.

Scottish National Trust

An advance in revenue before tax, from £669,797 to £779,131 is reported by **Scottish National Trust Co.** for the six months to March 31, 1976 and, as known, the interim dividend per 25p share is stepped up from 1.05p to 1.1p net.

	Half-year 1975-76 £	1974-75 £
Franked revenue	670,741	[illegible]
Unfranked	414,705	[illegible]
Debenture interest	37,690	37,690
Loan interest	194,373	[illegible]
Revenue before tax	**779,131**	**669,797**
Taxation	[illegible]	[illegible]
Net revenue	[illegible]	[illegible]
Preference dividend	31,500	31,500
Interim ord. div.	[illegible]	[illegible]

For the last full year, revenue

Turriff sees further rise

AN ASSESSMENT of the current year by Mr. W. G. Turriff, chairman of Turriff Corporation, indicates that the rate of profit improvement will continue, barring unforeseen external factors.

He feels that the U.K. scene still has too many problems to justify a meaningful upturn in business confidence. Nevertheless, the group has a good work load, with prospects of a substantial increase over the next few months.

In 1975 group profit before tax increased from £477,741 to £852,606. The chairman says that the performance of the construction division was most satisfactory and its impetus and success has been carried into the current year against the general trend of the industry. There is a good spread of medium-sized contracts and the group is also negotiating a number of overseas projects with limited financial risks and potentially high returns.

The results of the building side were most unsatisfactory largely due to two contracts. Fullest provisions to completion were made in the year's accounts and the chairman feels that the division should earn acceptable profits in the current year.

The forward property situation is still being reviewed but current conditions do not inspire the group to recommence the development plans it has in mind.

As regards the Barbican dispute with the City of London, the directors have been advised that in view of the extent of the dispute and its complex and detailed nature proceedings are unlikely to reach a final conclusion for some years.

There was an increase in cash balances during the year of £595,000 (£222,000 decrease). At the year end cash balances stood at £1.98m. (£0.43m.) against which there were bank overdrafts of £1.15m. (£0.21m.).

Meeting, Warwick, June 24 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Keystone Investment, A. J. Mills, Sterling Trust.

Finals—Alida Packaging, Alliance Investment, Dartmouth Investments, Electra Investment Trust, D. and J. Fowler, Mountview Estates, W. E. Norton, Rotaprint.

FUTURE DATES

Interims:—

Beresford (S. and W.)	Jun. 24
Cement Roadstone Services	Jun. 8
Harrisons and Crosfield	Jun. 8
Spencer Clark Metal Industries	Jun. 8

Finals:—

AirFix Industries	Jun. 10
Anglo-Indonesian Rubber	Jun. 14
Atlantic Shipping and Trading	Jun. 8
Bradford Property Trust	Jun. 22
British Dredging	Jun. 4
British Steam Specialities	Jun. 24
Brownlee	Jun. 8
Chamberlain Phipps	Jun. 15
Ewer (George)	Jun. 7
Farnworth (Robert)	Jun. 3
Govett European Trust	Jun. 3
Great Portland Estates	Jun. 9
Jumco (Amble)	Jun. 11
Jack Kenneth Kajang Rubber	Jun. 4
Lankro Chemicals	Jun. 16
London and Northern	Jun. 14
Marshall (Thomas) Investments	Jun. 7
Moss Bros	Jun. 4
Pelbow	Jun. 7
Polymark International	Jun. 7
Racal Electronics	Jun. 21
Scapa Group	Jun. 7
Scottros	Jun. 8
Shaw and Marvin	Jun. 17
Sugar Holdings	Jun. 10
Wedgwood	Jun. 8

Improving demand for Lead Industries

MR. A. S. DAVIES, chairman of Lead Industries Group, reports that total capital expenditure by subsidiaries during 1975 amounted *to £8.3m.* and in addition the proportion of expediture by associates applicable to the group's share holding was £3.8m. For the five years 1971-75 the figures were £22.9m. and £16.3m.

The chairman says that a large proportion of expenditure by subsidiaries in 1975 was in the U.K. much of which was needed to *meet the tightening ecological* control standards, where the group has always tried to be "leaders rather than followers."

The U.K. expenditure specifically earmarked as environmental was about 25 per cent. of the total, but Mr. Davies feels that this figure must be regarded as somewhat arbitrary because projects *are naturally planned to give* as wide an improvement as possible in general working conditions as well as improving productivity.

At December 31 last commitments for capital expenditure amounted to £5.87m. (£7.45m.)—contracts placed £2.46m. (£2.35m.) and authorised but not contracted £3.41m. (£5.1m.).

On current year prospects the chairman confirms that improved demand has continued, although in some areas it is still poor and lower margins and increased costs are causing lower profitability. Overall, however, results so far in the year are ahead of the same period of 1975.

For 1975 profit, before tax, fell from £21.32m. to £13.65m. On a CCA basis the 1975 result is reduced to £8.5m., while the surplus retained is shown to be down from £4.7m. to £1.1m.

An analysis by product of the pre-tax profit shows—metals and chemicals £3.3m. (£5.8m.); paint and wallpaper £2.8m. (£2.5m.); titanium dioxide £3.8m. (£9.6m.); ceramic supplies £3m. (£2.6m.), holding company income £0.2m. (£0.1m.)

The accounts include a statement on wages paid to African employees.

Meeting, 14, Gresham Street, E.C., June 24, at noon.

Chairman's statement Page 20

Estates and Genl. turns in £0.17m.

A turnround from a net loss of £218,311 to a profit of £176,072 is reported by Estates and General Investments for 1975, after showing a profit of £40,370 against £116,967 in the first six months.

The result is struck after tax but before extraordinary debits of 180,876 (£258,208). Earnings per 20p share are stated at 1.72p (2.31p loss). — the dividend is unchanged at 0.7p net, with a final of 0.2p.

The directors point out that no provision has been made for any possible loss that may be sustained on a secured loan of £700,000 to Castlepoint Properties a former associate. This loan, which was due for repayment by December 31, 1975, is secured by a first fixed charge on The Victoria Hotel, Nottingham and since that date a receiver to the property has been appointed by Estates and General.

The directors cannot establish whether the whole of this amount will be recovered but are advised that in addition to their security the company has a claim of up to £200,000 plus interest against a third party in respect of any loss that may be sustained. In these circumstances the directors, even though recognising the uncertainties, have decided not to make a provision in the accounts.

	1975	1974
	£	£
[illegible]	[illegible]	[illegible]
Profit before tax	[illegible]	[illegible]
Taxation	[illegible]	[illegible]
Net profit	176,072	*218,311
Extraordinary [illegible]	[illegible]	[illegible]
Minorities	[illegible]	[illegible]
Profit attrib.	[illegible]	[illegible]
From capital reserves	—	[illegible]
Dividends	[illegible]	[illegible]
Revenue reserves	[illegible]	—

* Stated after a [illegible] of The Sun[illegible] [illegible] the group's [illegible] † Loss [illegible] for the year [illegible] adjustment for prior years of [illegible] Extraordinary items consist of [illegible]

Charles Early & Marriott

First quarter [illegible] of Charles Early & Marriott (Witney) were [illegible] the chairman Mr. A. D. [illegible]

But [illegible] year's figures [illegible] sales of floor covering are 30 per cent [illegible] There are [illegible] signs of [illegible] improvement [illegible] for the home market, but profit margins remain under pressure.

However, development work continues at [illegible] intend that the new products will contribute to this year's turnover.

As [illegible] profit decreased from £[illegible] to £304,382 in the year to [illegible] 1976, and the dividend is [illegible] net [illegible] 20p share.

Home market demand for blankets was [illegible] but the consequent drop in turnover was offset by a 15.5 per cent rise in sales of [illegible] ford floor covering and a 24 per cent increase in blanket exports.

Meeting, Witney, June 21 at 2.30 p.m.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£25¾	£23½	Berry Pacific FA.C$8½	£24	+¼	40c	—	8.4	—
$10,500	F.P.	—	$10,500	$9,500	[illegible] S.A.	$4,500	....	—	—	—	—
—	F.P.	—	£24⅝	£23	[illegible] Corp. C$61	£24	....	$1.20	—	4.9	
—	F.P.	—	£17½	£16½	[illegible]	£16	....	$1.80	—	4.[illegible]	
47	F.P.	—	43	41	Wilson Walton 10p	41		‡3.18	2.1	11.3	6.1

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
£99	£10	26/8	9⅞	8¾	Birmingham (City of) 13% Red. Stock 1985	8¾	.....
115p	F.P.	18/5	125	117	Bowring (C.T.) 10% Conv. 1987	117	−1
**£93½	F.P.	4/6	100	99½	Chester Water 8% Red. Pref. 1981	99½	.....
**£99⅞	F.P.	11/6	100¼	99½	East Worcs. Water 8% Red. Pref. 1981	99	.....
C$100	F.P.	—	99¼	96½	IAC 9⅞% Notes 1981	$98¼	.....
US$100	Nil	—	$99¼	$99¼	Lloyds Eurofinance Guar. Fl'ting N'tes 1985	$99¼	.....
**£98⅜	£10	23/7	11¼	10½	Newcastle & Gateshead 8% Red. Pref. 1981	10½	.....
US$100	Nil	—	101	100	Royal Bank of Scotland Floating Rate 1985	$101	.....
US$100	F.P.	—	100½	99¾	Sandvik 9¼% Bonds 1986	$99¾	.....
£95¼	F.P.	—	£95½	£95	Scottish Agric. Secs. 14% Deb. 1995	£95	−¼
£100	£50	8/7	[illegible]	[illegible]	[illegible] Conv. [illegible]	53	.....
**£99	F.P.	14/5	99¾	99½	Sutton Dist. Water 7% Prf. 1981	99½	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p	+ or −
350	Nil	4/6	17/6	128	115	Aust. & N.Z. Bank	124pm	+2
350	F.P.	28/5	25/6	293	223	Bank of Ireland	293	.....
C$14	Nil	—	—	15	15	Bank of Montreal	16pm	.....
58	Nil	—	—	9	7	Bejam Group	7pm	.....
70	F.P.	1/6	9/7	103	98	Boddingtons	102	.....
35	Nil	—	—	5	3	Booth (Intl.)	4pm	.....
15	F.P.	28/5	11/6	17¾	16¾	Boulton Wm.	17	.....
65	F.P.	18/5	15/6	83	72	Bowring (C. T.)	72	.....
20	F.P.	19/5	9/6	95	77	Brent Chemicals	88	−1
14	Nil	—	—	1¾	1½	Coalite & Chemical	1½pm	.....
50	F.P.	19/5	9/6	70	65	Elliott (B.)	65	.....
35	F.P.	7/5	18/6	50	43½	Era Inds.	43½	.....
65	F.P.	17/5	11/6	78	68	Garnar Scotblair	68	.....
85	F.P.	21/5	18/6	111½	103	Glynwed	104	+1
106	F.P.	14/5	11/6	151	131	Greene King	146	−2
305	F.P.	27/5	2/7	420	401	Heath (C.E.)	413	−4
330	Nil	10/6	2/7	49	23	I.C.I.	29pm	−6
47½	F.P.	—	—	65½	59	Lesney Products	59	−2
57	F.P.	3/5	20/7	71½	64	Lloyd (F.H.)	64	−1
188	F.P.	28/6	9/7	214	194	Lucas Inds.	196	+2
105	F.P.	3/6	9/6	116	94	Lyons (J.) "A"	94	−2
35	Nil	—	—	3½	1	Mallinson (Wm.) & Denny Mott	1pm	−½
120	Nil	—	—	29	14	Portals	14pm	−10
47	Nil	10/6	23/7	11½	4	Ransome, Hoffman, Pollard	4pm	−1½
45	Nil	22/4	5/6	61½	44½	Rolls-Royce Motors	55	−½
125	F.P.	4/5	1/6	155	140	Rotork	139	.....
400	F.P.	21/5	25/6	492	446	Selection Trust	455	.....
58	F.P.	15/4	28/6	54½	47	Staflex Int.	48½	.....
32	Nil	—	—	3	1½	Tootal	1pm	.....
45	F.P.	—	—	56	44	Tricentrol	44	.....
87½	F.P.	23/4	8/6	97½	87	Trust Houses Forte	83½	−5½
150	F.P.	15/5	11/6	166	137	Turner & Newall	137	.....
$A1.20	Nil	18/6	—	64	56	Western Mining	54pm	+2
[illegible]	F.P.	—	—	61	56	Woodside-Burmah	56	−2

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. *u* Forecast dividend; cover based on previous year's earnings. *M* Figures based on prospectus or other official estimate for 1976. *r* Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ♣ Offered to holders of Ordinary shares as a "rights." ♥ 280 S.Afr. cents. ♣ Rights by way of capitalisation. ‡‡ Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ◆ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

MINING NEWS

Higher metal prices needed

BY KENNETH MARSTON, MINING EDITOR

THE IRRESISTIBLE upwards march of the cost of establishing new mines brings calls for higher *metal prices from the leading producer* of copper in Australia and a major tin producer in Malaysia.

Down-Under, **MIM Holdings** has asked the Prices Justification Tribunal there to remove the Australian domestic price ceiling of $1,460 (£1,018) per tonne for copper which was set in February 1974.

MIM wants the ceiling price removed in order to increase its return on domestic copper sales and to fund further expansion in production. The company points out that it had to forego $12.4m. in extra revenue between February and July of 1974 when the London Metal Exchange price of copper remained above the sterling equivalent of $1,460. The company's latest posted domestic price is $1,240 (£865). Copper closed at £864 in London yesterday.

As far as tin is concerned, the chairman of London's Malaysian-operating **Tronoh Mines**, Mr. J. G. Richardson, says in the company's annual report, "I believe that a substantial and permanent increase in the tin price in real terms will be necessary to enable producers to meet the needs of world consumers in the future."

He admits that higher tin prices *are needed for Tronoh in the near-term* if the company is to produce improved profits this year in the face of declining production which amounts to 694 tonnes of tin concentrates for the past four months compared with 895 tonnes in the same period of last year.

Fortunately for Tronoh, the Penang *tin price has been running* at an average of over $M1,000 per picul so far this year compared with the 1975 average of $M964. It is currently $M1,166. In the sharemarket yesterday Tronoh closed at 86p and MIM were 268p. ueoeetaoin shrdlu etaoin etaoinnu

ROUND-UP

Belgium's **Union Miniere** expects that its earnings will decline noticeably over the next few years as portfolio funds are reinvested in longer term mining *projects* which will not show immediate returns. **Tanganyika Concessions** has a holding of 17.6 per cent. in Union Miniere.

* * *

Borehole V3 drilled to the erratic-value Kimberley reef at **Durban Deep** has cut the reef at 1,089 metres and given a low gold value of 304 centimetre-grams. A first deflection has given 318 cmgs while 1,397 cmgs have been obtained in a second deflection. Two further boreholes are in progress.

* * *

Pay rises for the 440,000 black workers at South African collieries and gold mines are to come into effect from this month. Starting rates for novice underground workers will go up by R7.80 to R65 (£42.47) a month plus free board and lodging. This minimum rate, determined by the Chamber of Mines, provides a basis for the higher rates paid to the more skilled men. Prior to the latest increase, black wages ranged up up to R250 (£163.34) a month, the average being R88 (£57.50).

Gen. Mining coal deal

A MAJOR new South African coal venture is envisaged in the news that agreement in principle has been reached between **Union Corporation, UC Investments, Trans-Natal Coal Corporation** and **Clydesdale (Transvaal) Collieries** for the joint exploitation of their coal rights in the Evander area *of the eastern Transvaal.*

The respective participations of the *parties involved will be determined* within 12 months after technical assessments have been made of the exploitable coal reserves being contributed by each of them. Some indication of the size of the tie-up can be gleaned from the fact that in 1974 the Union Corporation group said that it had proved over 1bn. tons of low grade coal in the area.

Trans-Natal is South Africa's largest single producer of coal, having sold nearly 18m. tons in the year to last June. In partnership with Clydesdale, the company is developing three new mines which are designed to supply the ESCOM *electric* power authority with an eventual 9.6m. tons of coal a year.

All the companies now come within the enlarged General Mining group which is already a force to be reckoned with in the energy field, having recently announced that it intends to expand annual coal production from 24m. tons to some 40m. tonnes during the next five years.

It is also interesting to note that the new coal tie-up has been announced hard on the heels of the news that the Afrikaans General Mining group has raised *its stake in Union Corporation to* a controlling 50.1 per cent. General Mining rose ½ to £18 and *Union Corporation* were 5p up at 315p yesterday.

KILN—SWACO

The offer on behalf of Kiln Products to acquire the capital of the **South West Africa Company**, has become unconditional as to acceptances. However, the offer remains conditional on the passing not later than June 4, 1976, of resolutions to increase the authorised capital of Kiln to permit, and otherwise to authorise, the implementation of the offer.

By mid-day on Friday acceptances had been received in respect of 92.3 per cent. of the Swaco issued capital. Most of the acceptors elected for the alternative offer of 110 Kiln shares for 100 Swaco rather than £175 in cash. Swaco were 175p yesterday.

BIDS AND DEALS

Artagen forecasts further dividend increase

TREASURY permission has been won **Artagen Properties** for a further dividend increase as part of its defence against the **Sun Life Assurance** bid.

Responding to the initial bid of 73p per share, Artagen proposed a 70 per cent. dividend increase in 1976. Asking shareholders to reject the increased offer of 84p a share, it announced yesterday that it would further increase the 1977 distribution to more than double the current level.

Artagen's 1975 dividends totalled 6.3583 per cent. net (9.7743 per cent. gross). *For 1976, the* Board has proposed 10.801 per cent. net (16.616 per cent. gross). On the basis of pre-tax profit of £3.3m. for 1977 it now forecasts 13.5 per cent. net (20.77 per cent. gross) for that year.

In a letter to shareholders, Mr. David Webb, chairman, says the forecast follows a "policy of paying substantially all of our profits to shareholders" as a result of being freed by the bid from dividend restraint. The forecasts, he says, put Artagen shares on a yield of 4.9 per cent. rising to nearly 6.2 per cent., against a sector average of 3.3 per cent.

Mr. Webb claims that Sun Life's argumentse backing its raised offer "controvert non eof the facts conclusions which support our belief that you enjoy a first-class investment for which an in*adequate price is being offered.*"

Sun Life had described Artagen's argument that its shares (with the value of a long-term funding agreement with Sun Life) were worth 123p as "largely *hypothetical.*"

Mr. Webb responds that: "It is no such thing. It has already *forced them to increase their* offer which confirms their continuing concern to obtain control *of your company in order to can*cel the 1973 financing agreement."

The Sun Life offer, if not extended, closes next Monday. Shares of Artagen yesterday rose 1p to 85p, 1p above the bid price.

HENKEL PURCHASE

Henkel Chemicals, the U.K. subsidiary of Henkel KGA, one of West Germany's leading chemical and detergent manufacturers, has acquired the **Sunbeam Group** of companies, specialist chemical manufacturers, of West Molesley, Surrey, for an undisclosed sum.

ANGUS MILLING

British Agricultural Services, a wholly owned subsidiary of Hanson Trust, has received acceptances of its offer in respect of 960,167 shares (96 per cent.) of **Angus Milling (Holdings)**. The offer has been declared unconditional and will remain open until June 15.

DOWNS SURGICAL

Downs Surgical has exchanged conditional contracts for the sale of its wholly owned subsidiary Centaur Cast Alloys to Precision Castparts Corporation of Portland, Oregon, U.S.

Total consideration which includes repayment of loans made to Centaur by Downs amounts to £318,000; payable as to £218,000 on completion and either three further annual payments of £100,000 or two further annual payments of £150,000 plus interest charges.

At December 31, 1975 Centaur had net assets of £459,308 and in the year ended on that date made a loss of £38,954 before tax.

It is a condition of the contract that Downs will receive a guaranteed exclusive source of supply of medical implant castings for ten years.

MATTHEWS ACQUISITIONS

Matthews Holdings has acquired two companies, G. H. Monk and Dalgety Buswell Meats, in the slaughtering, meat wholesaling and meat product manufacturing field, for a total consideration of £725,000.

Monk has been acquired for £40,000 in cash and 560,000 Ordinary shares in Matthews, which at last night's price of 33p values Monk at £225,000. Net tangible assets of Monk at *December 31*, 1975 were £378,000, the company suffered an after tax loss for the year of £83,481 and trading losses have continued since that date.

Dalgety Buswell Meats has been acquired for £1. Tangible assets at the date of acquisition were nil, the company made after tax losses of £189,369 for the year ended June 30 and the business has been financed by a parent *company loan of £500,000*, which Matthews has guaranteed to repay within two years.

ASSOCIATES DEALS

Rowe Rudd sold 7,000 Agar Cross 8 per cent. second cumulative preferred £1 shares at 67p for an associate of Agar Cross.

Norfin Nominees, a subsidiary of Northern Bank Finance and an associate of **Bolands**, purchased 243,716 Ordinary in Bolands on behalf of associates of that company.

SHARE STAKES

Lyon and Lyon—Dr. C. B. Phipps and Associates have bought a further 5,000 Ordinary shares making total holding of 562,500 shares, being 17.58 per cent. of the voting capital.

Provincial Cities Trust—**James Finlay Corpn.** has bought 75,000 Ordinary shares making total interest 1,144,500 shares.

Chubwa Tea Co.—Mr. C. P. Davies has bought £600 Preference stock bringing his total interest to £8,190 stock—15.45 per cent.

International Computers (Holdings)—Following transfer from Secretary of State for Industry of 10.49 per cent. holding of 3.5m. shares in ICH, the National Enterprise *Board now* holds 8,148,750 shares representing 24.42 per cent. of the equity. **Plessey Co.** also holds a like amount of ICH capital. Mr. J. C. Duckworth on the Board of ICH as nominee of Secretary of State has resigned from the Board following the transfer of shares.

RMC MERGING HK INTERESTS

Ready Mixed Concrete, together with Anderson Holdings and Asia Stone, subsidiaries of **Hutchinson International**, are to merge their existing ready mixed concrete interests in Hong Kong, subject to receiving certain Hong Kong government consents.

The new company, Ready Mixed Concrete (HK) wiwll be owned as to 51 per cent. by the U.K. Group and 49 per cent., split equally, by Anderson Concrete and Asian Stone Concrete.

TILLING-OLBY

Details of the **Thomas Tilling** offer for the 98,000 Preference £1 shares of **Alfred Olby** it does not already own have been sent to shareholders.

Terms are £1 nominal of 8½ per cent. Unsecured Loan stock 1989-94 of Tilling for every 6½ per cent. Cumulative Preference share.

On April 28, the day of the announcement of the offer, Tilling's stock was valued at 58½p xd compared with a price of 37p

Morgan Grenfell Far East ventures

Morgan Grenfell Holdings, the City merchant banking company, and Compagnie Financiere de Suez, the major French group, have rearranged holdings in their joint ventures in the Far East so that Morgan Grenfell has emerged with full ownership of the Singapore concern and the French group wholly controlling that in Hong Kong.

Morgan Grenfell is acquiring the shares held in Indosuez and Morgan Grenfell (Singapore) by Banque de L'Indochine et de Suez (a subsidiary of Cie Financiere de Suez) which has owned 40 per cent. and by Development Bank of Singapore (20 per cent.). The name of the company has been changed to Morgan Grenfell (Asia). The Monetary Authority of Singapore has permitted Morgan Grenfell to retain its banking licence and operate an Asian currency unit.

At the same time, Banque de L'Indochine et de Suez has assumed 100 per cent. ownership of the Hong Kong merchant bank Indo-Suez and Morgan Grenfell (Hong Kong) by buying out Morgan Grenfell's half-share in the bank, being renamed Indo-Suez (Asia).

Morgan Grenfell and Cie Financiere de Suez concluded a co-operation agreement in 1974 and then jointly set up the two Far Eastern banking ventures. Mr. Bill Mackworth Young, vice chairman and chief executive of Morgan Grenfell Holdings, said last night: "The deal is to change the structure of the way in which we co-operate with each other in the Far East."

SUPRA SALE

Armstrong Autoparts, a wholly owned subsidiary of **Armstrong Equipment**, has bought **Supra Masterparts** from the Supra Group for £378,678 cash including those wholesale distribution properties which previously formed part of the group's automotive division.

Of the consideration, £238,[illegible] will be paid immediately and the remainder in six equal monthly instalments.

RESULTS AND ACCOUNTS IN BRIEF

ABERCORN GENERAL INVESTMENTS—No dividend (same). Turnover half year to December 31 1975 £131,665 (£113,567). Profit £6,083 (£14,429) after all charges including tax of £675 (£17,400). Earnings per 25p share 0.37p (0.73p). Charge to tax represents transfer to deferred tax reserve.

ROBERTS ADLARD and COMPANY (roofing and builders' merchants, etc.)—Results 1975 reported May 7. Group fixed assets £577,944 (£519,492). Net current assets £1,149,625 (£942,788). Turnover to date shows increase over corresponding period last year. Meeting 5 Belgrave Square, S.W., June 18, noon.

AMBROSE INVESTMENT TRUST—Final on 25p income shares 2p net making 3.25p (2.9p) net. Gross income year to March 31 1976, [illegible] ([illegible]). Expenses £[illegible] ([illegible]), tax £[illegible] (£122,509), leaving net income £[illegible] (£247,076). Asset value per Capital share [illegible] ([illegible]). Surplus on realisation of securities after charging capital gains tax £[illegible] ([illegible]).

CHEMRING (radar reflective devices, etc.)—Interim dividend [illegible] ([illegible]) net per 5p share. Sales half-year to March 31, 1976, £840,200 (£774,700). Profit £[illegible] (£125,000) less tax £[illegible] (£65,000). Preference dividends £[illegible] (same). Interim dividend £12,120 (£11,000).

CITY AND COMMERCIAL INVESTMENT TRUST—Net asset value per Capital share 145.575p at April 30 (109.575p at January 31).

CLIFFORD AND SNELL (electrical and electronic engineers)—Profit half-year ended September 30, 1975, already reported with maintained interim dividend. Chairman now says profit improvement fully held in second half. Hopeful of continuing this trend in current year—sales prospects are good with significant upturn in export orders: production force is being strengthened and bottlenecks are being eased. Earlier concern over capital resources has been lifted by careful credit control and better profitability.

CLRP INVESTMENT TRUST—Gross income for half-year to end February 1976, £[illegible] ([illegible]). Management expenses £[illegible] ([illegible]). Interest on loans, including dollar loan £94,299 (£70,126), amounts to £[illegible] ([illegible]). Net revenue before tax £160,371 (£176,016). Tax including foreign tax £[illegible] ([illegible]), totals £[illegible] ([illegible]) leaving £[illegible] (£122,2[illegible]). Preference dividends £8,750 (£8,750). Ordinary £70,000 (same). Valuation of investments £[illegible] ([illegible]) at August 31 1975. Net current assets allowing for dividends payable £[illegible] (£1,366,410). Net asset value of Ord. shares after deducting prior charges at par and adjusting for full subscription of warrants 78.5p per share (67.5p). On sale of investments asset values would be reduced by [illegible] ([illegible]) being loss of investment currency premium and by 3.7p ([illegible]) for tax on capital gains. Interim div. of 0.5p (same) already announced.

GENERAL STOCKHOLDERS INVESTMENT TRUST—Total income half year ended April 30, 1976 £[illegible] (£178,850). Expenses and interest £21,200 (£19,[illegible]). Tax £45,064 ([illegible]). Net asset value 114.6p (99.5p).

HAWLEY-GOODALL GROUP (camping equipment)—No dividend (same). Turnover for year to December 27, 1975 £1,291,008 (£1,112,040). Pre-tax loss £75,660 (£95,742). Tax nil (same).

HOUSE PROPERTY COMPANY OF LONDON—Dividend 1p (same) net. Pre-tax revenue for 1975 £21,119 (loss £51,515) after exceptional debit nil (£112,000) but including surplus on sale of properties £60,865 (£90,602). Tax £5,385 (£21,760) leaving profit £15,734 (loss £73,275) before tax over provided in previous years £5,957 (£1,597).

ISLE OF MAN ENTERPRISES—Turnover six months ended April 30, 1976 £22,102 ([illegible]). Pre-tax loss £[illegible] (£19,953). Tax nil (same). Loss per share 0.99p (0.65p). Rentachalet bookings for holiday season are in excess of last year's levels, and an increased contribution for this operation in second half is anticipated.

LIDSTONE—Pre-tax profit half-year to January 17, 1976 £5,750 (loss adjusted £7,170) after provision for losses of subs £500 (£12,226) etc. Debit tax £2,875 (£2,027). Earnings per share 0.41p (loss 0.14p). No interim (same).

LONDON ENTERTAINMENTS—Profit half year to February 28, 1976, £29,275 (£41,651), less tax £11,716 (£17,086). No interim (same). In present depressed conditions trading income has not suffered as severely as might have been expected, chairman states. Value of invested reserves has risen since last year and at end February was standing at a modest premium on cost.

LONGBOURNE HOLDINGS—No interim (same). Board state that more favourable pre-tax trading results as expressed in Takas are anticipated for 1975 but these profits will be eroded by tax legislation in Bangladesh, which was not applicable in 1974 due to carry forward losses, and will be further significantly reduced if converted into sterling at current rate of around Tk.28 to the £ as opposed to Tk.19 to the £ which applied up to mid-1975. More encouraging for future is friendly attitude of the Bangladesh Government towards private enterprise. One reflection of this is a recent remittance of funds to the U.K. which, although relatively small, has gone some way towards meeting hitherto unpaid expenses. Sanction to remit operating companies' dividends declared in 1974 has not, however, yet been received but efforts towards this end continue.

WM MOWAT AND SONS (property, hide and skin factors)—Turnover six months ended November 30, 1975 £100,672 (£176,919). Profit £10,198 (loss £21,258), less tax £4,800 (credit £12,000), leaving £5,398 (loss £11,258).

MORLAND AND COMPANY (brewers, wine and spirit merchants, etc.)—Interim 3.5p net per £1 share (same). Pre-tax profit £202,474 (£256,484). Board hopeful that trade for second half-year will be comparable with same period last year. Profit, year to September 30, 1975, £540,046, and final dividend 6.624p.

NEW COURT EUROPEAN TRUST—No interim (same). *Pre-tax revenue half* year to March 31, 1976, £177,024 (£155,618), after interest on currency loans £76,080 (£109,971). Tax £92,125 (£69,791), leaving £84,899 (£85,851). Net asset value per share 66p (67.6p). Increase in revenue should not be taken to indicate that total achieved in 1974-75 will necessarily be maintained.

SMITH BULMER AND CO. (worsted combers and spinners)—For year ended February 27, 1976 Turnover, £2.52m (£4.25m.). Trading surplus £137,628 (£251,010). Depreciation £106,975 (£147,301). Bank interest £31,116 (£50,474). Loss before tax £50,463 (£45,951 *profit*). *Tax credit* £43,180 (£18,045 charge). Preference dividends £26,600 (same). Low output due to depressed state of trade coupled with the *inevitable disruption* of installing the final stage of new machinery, was not overcome until towards end of year. Plant is now running on full production and order book position much healthier. Directors again recommend that no dividend be paid on the Ordinary shares, all of which are held by Parkland Textile (Holdings).

SOUTH WALES CINEMAS—Turnover £407,000 year to February 29, 1976 (£467,000 for 16 months); profit £47,000 (£75,000), less tax £27,000 (£40,000), dividend 4 per cent. net (same for 16 months).

THANET INVESTMENT TRUST—Interim 0.75p (same). Group net profit after tax, half year to April 30, 1976 £78,600 ([illegible]).

TRUST UNION—Results for the year ended March 31 1976 reported May 14. Quoted investments in U.K. at mid-market value £17.84m (£15.43m.). Abroad at market value £8.91m (£6.56m.). Unquoted at directors valuation £0.46m. (£0.79m.). Meeting Winchester House, E.C., on *June 22 at 2.30 p.m.*

WETTERN BROTHERS (suppliers of building and road materials, etc.)—Final dividend 3.1457p making 5.2125p net per 25p share (same) for 1975. Turnover £8.69m (£7.41m.). Profit £146,000 (£207,000). Net profit £69,000 (£98,000). Extraordinary items after tax £66,000 (£192,000). Ordinary dividends £85,000 (same). Earnings per share 4.0p (5.7).

Mr. L. Wettern, chairman, says directors continue confident that the changes being made must be beneficial in the long run.

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Morgan Gre[nfell] Far East ventures

Morgan Grenfell Hold[ings] City merchant banking [...] and Compagnie Finan[cière de] Suez, the major French [...] have rearranged holding[s in] joint ventures in the Fa[r East so] that Morgan Grenfell has [...] with full ownership of [...]pore concern and the [...] group wholly controlling [...] Hong Kong.

Morgan Grenfell is [...] the shares held in Indo[...] Morgan Grenfell (Singa[pore)] Banque de L'Indochine e[t de Suez] (a subsidiary of Cie F[...] de Suez) which has owne[d ...] cent. and by Developme[nt ...] of Singapore (20 per cent [...] name of the company [...] changed to Morgan [...] (Asia). The Monetary [...] of Singapore has [...] Morgan Grenfell to [...] banking licence and op[...] Asian currency unit.

At the same time, B[anque de] L'Indochine et de S[uez] assumed 100 per cent [...] of the Hong Kong merc[hant ...] Indo-Suez and Morgan [...] (Hong Kong) by bu[ying] Morgan Grenfell's half [...] the bank, being rena[med ...] Suez (Asia).

Morgan Grenfell and [...] ciere de Suez conclude[d a co-]operation agreement in [...] then jointly set up the [...] Eastern banking venture[s ...] Bill Mackworth You[ng ...] chairman and chief exe[cutive ...] Morgan Grenfell Hold[ings said] last night: "The deal [...] the structure of the wa[y ...] we co-operate with each [...] the Far East."

SUPRA SALE

Armstrong Autop[arts ...] wholly owned subs[idiary ...] Armstrong Equipment [...] bought Supra Masterp[...] the Supra Group for [...] cash including those [...] distribution propertie[s ...] previously formed par[t of the] group's automotive di[vision].

Of the consideration, [...] will be paid immediatel[y ...] remainder in six equal [...] instalments.

John Folkes Hefo sees further improvement

MR. J. W. Hearnshaw, chairman of Midlands engineering group, John Folkes Hefo, said yesterday that demand had appeared to have stopped falling and there could be an improvement over the second half of the current year.

Speaking at a Press conference to present the annual report and accounts, the chairman said that the group's engineering companies had sufficient capacity available to cover a 30 per cent. increase in volume terms across the board, and would be looking to export markets for further improvements in demand.

However, low profits were expected to continue on the building side.

One big boost for 1976 results should come from a further reduction in borrowings, Mr. Hearnshaw said. The group was aiming at virtually eliminating bank borrowings and this could well save between £300,000 and £400,000 in interest charges.

As known, group pre-tax profits in 1975 improved from £3.55m. to £3.96m., with a maximum permitted net dividend of 1.11019p (1.08227p).

On the subject of inflation accounting, Mr. Hearnshaw said if an adjustment to be made in the cost of sales, last year's profits would have been reduced by £500,000.

Interim results for the group this year should be about the same as those in 1975, but it was too early to make any forecasts on the figures for the year.

Over the longer term, the chairman was still confident of reaching the target of £10m. pre-tax by 1980.

Meeting, Birmingham, June 24.

Parkland Textile

After a first half loss of £167,000 compared with profits of £209,000, Parkland Textile (Holdings) finished the year to February 27, 1976 with a small profit of £22,564 against £144,563 subject to tax of £52,020 against £97,163. Turnover was £71.16m. (£16.57m.).

The attributable loss is £35,690 compared with profits of £47,170 and the loss per 25p share is shown at 0.69p (earnings 0.62p).

A single dividend of 0.853125p net compares with last year's total of 1.7325p.

Cumulative losses incurred during the first nine months were more than exceeded by the profits earned in the fourth quarter, say the directors. Provided no unforeseen circumstances arise they are confident the improved profit levels will be maintained during the first half of the current year.

J. Dawson lower by £0.29m.

AGRICULTURAL and industrial belt makers, James Dawson and Son, announces pre-tax profit down from £758,067 to £470,280 in the year to March 31, 1976, after £275,615 (£353,362) in the first half.

Yearly earnings per 25p share are shown to be lower at 5.85p, compared with 9.3p—as forecast the dividend is kept at 4.42p net, with a final of 3.17p.

	1975-76	1974-75
	£	£
Turnover	2,742,940	[illegible]
Pre-tax profit	470,280	758,067
Tax	226,100	258,200
Retained	57,350	197,067

Firmin turns in £262,805

TURNOVER of Firmin & Sons, makers of badges, buttons and military ornaments, increased by £299,954 to £1.22m. in 1975 — a large part in export markets — but reflecting increased costs the pre-tax profit shows only a marginal rise from £258,093 to £262,805. Earnings per 25p share are stated at 9.7p (9.6p).

The dividend total is lifted by the maximum permitted—from the equivalent of 2.76112p to 3p, with a final of 2p net.

Lower profit outlook for Tysons

In view of the general recession in the building industry, the chairman of Tysons (Contractors), Mr. W. I. Tyson, finds it difficult to conceive that it will be possible to maintain profits at their current level.

Nevertheless, he tells holders in his annual statement that he is "reasonably confident of the future."

The company is negotiating three major contracts and several medium sized contracts, he reports.

As known, taxable profit for 1975 increased from £601,732 to £742,083 but on a current cost accounting basis the figure is reduced to £368,000. The dividend is up from 1.75p to 1.925p net.

Meeting, Liverpool, June 25, noon.

Chairman's statement Page 20

Wormalds Walker £0.5m. loss

TURNOVER AT Wormald Walker and Atkinson was virtually static at £6,297,515 in the year ended February 29, 1976, compared with £6,197,004 and the company incurred a greater pre-tax loss of £554,395, against £120,223.

Once again there is no dividend —the last payments totalling 2.3125p net were in 1973-74. There is a tax credit of £27,784 (£60,717 credit) and an extraordinary debit of £20,314 (nil).

In the first six months a net loss of £211,589 was incurred, compared with a profit of £11,601 in the previous first half, due to a lack of sales volume. The blanket division, which was particularly depressed, showed little sign of improvement, it was stated.

Concentration on U.K. by Marshall's Universal

[...] the U.K. companies of Marshall's Universal is expected for the current year. However, the effect of import quotas on the company's trading activities in East Africa—which contributed £1.69m. to a total trading profit of £2.03m. last year—must be to restrict further growth there, warns chairman, Mr. R. L. Doughty.

He explains that the expected advance in the proportion of group profit arising in the U.K. is in line with directors' planning. They have been actively pursuing U.K. expansion for a number of years, he points out and further acquisitions in fields related to present activities are currently under consideration.

In the U.K. car sales for the first quarter of the current year are ahead 23 per cent. and the budgeted uplift in profits should be further increased by any change in the trading climate in the paper and board industry which was far from buoyant last year.

As reported on May 7, group pre-tax profit for 1975 advanced from £1.57m. to £1.81m., turnover amounted to £29.42m. (£22.9m.) and trading profit was £2.03m. (£1.88m.).

A divisional breakdown of turnover and trading profit shows: motor vehicle distribution £17,081,000 and £1,865,000; paper and board distribution £4,079,000 and £40,000; distribution and manufacture of components £1,899,000 and £310,000; food processing £120,000 and £6,000.

Geographically, turnover was fairly evenly shared between the U.K. and East Africa.

Ultimately West of England Trust holds 31.5 per cent. of the Ordinary capital. Meeting, 408, Purley Way, Croydon, on June 21 at noon.

ANZ MOVE

Documents relating to the transfer of residence and incorporation of Australia and New Zealand Banking to Australia have been approved by the Boards of the bank and ANZ Group Holdings (the new holding company) and will be sent out to shareholders on June 11. Meetings will be convened for July 7.

Basis of the substitution of shares is three of $A1 each in the new company for every two £1 shares of the bank.

Trade picks up at Austin Reed

Trade in the Austin Reed Group is beginning to look a little brighter than the opening weeks of the current year, states chairman Mr. Barry St. G. A. Reed, in his annual review.

Given a reasonable upturn in consumer confidence he foresees "a healthy improvement in turnover over the next 18 months as the new merchandising plans for shops in the U.K. start to take hold and as we gain further strength in our retail and export markets overseas."

The chairman reports that the group has adequate financial resources with strong asset backing, and the present objective is to obtain "a substantially better return on our current investment."

Four small uneconomic retail outlets in the U.K. have been closed and steps have been taken to dispose of a number of leases surplus to requirements — but the expensive lease of the former branch in New Street, Birmingham, has not yet been disposed of.

Referring to retail activities overseas, Mr. Reed says that with the opening of Amsterdam, the company now operates ten branches—total retail overseas turnover in 1975-6 was £5.57m., representing nearly a third of retail turnover of £17.04m. in the U.K.

Licensees in Japan and the U.S. continue to show great interest in increasing clothing sales manufactured under the Austin Reed label — royalty income during 1975-6 was ahead of the previous year.

As reported April 9, pre-tax profit in the year ended January 31, 1976, dropped from £2.11m. to £1.1m. on turnover up from £24.31m. to £26.01m. Dividends are up from 2.18085p to 2.227325p net.

Meeting, 16, Sackville Street, W., June 24 noon.

Kearney & Trecker in profit

Turnover of Kearney and Trecker Marwin increased to £12.97m. in the year to December 28, 1975, compared with £9.91m. for the previous 15 months, and there was a turnround from a loss of £1,611,957 to a pre-tax profit of £38,760.

After a tax credit of £2,870 (£2,559) the balance is £41,630 (loss £1,609,428), subject to an extraordinary debit of £147,764 (nil).

At end 1974 KTM Machine Tools (Holdings) owned 99.8 per cent. of the Ordinary. Last November the company was reconstructed resulting in a substantial cash investment by the Government, coupled with an agreement by Vickers to undertake overall management responsibility.

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1st June 1976

[S]hareholders

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Veba results point up W. German recovery

BY GUY HAWTIN

FRANKFURT, June 1.

A CLEAR indication of the strength of the West German recovery can be gleaned from the performance of Veba, the federal republic's largest energy concern. Turnover in the first quarter stood nearly 18 per cent. above the comparable level for 1976. Veba, with annual turnover topping DM25bn. (£5.4bn.), is an important economic barometer. Apart from being West Germany's largest power producer, its interests range from glass making to transport.

To-day's interim report shows group external turnover rising from just under DM5.7bn. in the first three months of 1975 to DM6.7bn. The upturn, commented the group, was mainly a result of increased demand.

The most striking improvement occurred in the electricity generating sector where it moved up by 24.2 per cent. from DM1.13bn. to just under DM1.4bn. Admittedly, price increases played a role in this substantial upturn but the report shows that power output rose by a real 17.8 per cent. to both industrial and domestic consumers.

In the oil, natural gas and chemicals sector, sales put on 19.3 per cent., rising from just under DM2bn. to DM2.38bn. A trimming of refinery facilities had led to 70 per cent. capacity utilisation—considerably better than in the comparable period of 1975.

Performance in the chemicals sector had been uneven with substantial increases in both output and demand in the organic, plastics and fibres sectors. However, in that inorganic sector, production and demand for ammonia and fertilisers fell back. The report also pointed out that its glass making operations only noticed the upswing towards the end of the quarter.

Hand in hand with the creditable overall upturn in performance came a major rise in profits. Pre tax profits went up by 29.7 per cent. from DM182m. in first quarter 1975 to DM236m., while the concern's net went up by close on 92 per cent. from DM25m. to DM48m.

On the services side, turnover rose somewhat more slowly than in the production branch. It went up by 14.3 per cent. from DM2.42bn. to DM2.77bn. The group's trading operations showed a 15.5 per cent. growth with turnover rising to DM2.45bn., while transport turnover advanced by 7 per cent. to DM281.4m. hTere was, however, a 4 per cent. fall back in the general services branch to DM33.6m.

The report states that the improvement came about particularly as a result of a rise in power generation earnings and reduced losses in the oil sector. The group's already successful measures in the oil refining sector was expected to lead to a further reduction in losses as the year progressed.

Investment in the first quarter, at DM395.8m., was somewhat down on the previous year's level ofg DM413.1m. As in the same period of 1975, the lion's share went to the electricity generating sector which was the target for 84 per cent. of the total. There was, however, a sharp reduction in investment in the oil and chemicals sector which received DM24.7m. compared with DM46.6m. last year.

Preussag starts well

BY OUR OWN CORRESPONDENT

FRANKFURT, June 1.

PREUSSAG has pushed up turnover and profits in the first quarter of the current year. Apart from the slight improvement in the economic situation, much of the credit for the improvement in earnings must be attributable to the shedding of its shareholding in the lossmaking Leichtmetall aluminium smelting concern.

Consolidated external turnover in the first three months of 1976 totalled DM589m. (£128m.) compared with DM593.9m. in the same period of 1975. However, last year's figures included Leichtmetall's DM88.6m. sales.

In the heavy and precious metal's sector the group benefitted from increased demand from the metal processing industry for lead and zinc. Prices also showed a slight improvement. Turnover in the metals sector advanced by DM26m.—14 per cent.—to DM206.5m.

There was also considerable improvement in the transport and shipping sector with turnover up from the first quarter of 1975's DM62.4m. to DM72.4m. Oil and chemicals turnover rose from DM91.5m. to DM104.7m. There was also an increase in turnover in the coal sector, from DM132.4m. to DM171.1m., but despite an improvement in returns there was still a measurable loss in this field.

Group capital investment in the first quarter of the year totalled DM59.8m.—a hefty 42 per cent. up on the DM42.1m. invested in the same period of 1975. The metal, transport and coal sectors were the primary beneficiaries with DM13.3m. going to the metals side, DM 19.3m. to transport and DM 14.8m. to coal.

Horten waits for the upturn

BY ADRIAN DICKS

BONN, June 1.

HORTEN, the leading West German department stores group, reported to-day that it has seen little sign so far of the recovery of the economy in the form of improved results. In the first four months of this year, the Board reported to-day, turnover rose by only 4 per cent., although the company hopes that this performance will improve during the second half of the year, and is now projecting for 1976 as a whole a 5.5 per cent. increase in its turnover to a new level of about DM3.84bn. (£840m.).

The spokesman of the Horten Board, Herr Fritz Seydaack, stated that according to official statistics, retail trade had increased in the first four months of 1976 by an overall 9 per cent. But he noted that this figure had to be seen in the light of a very sharp rise in car and petrol sales which had pushed up the average. After allowing for inflation, Horten had seen in real terms a slight decline from last year.

Reporting on last year, the Horten Board revealed a rise in turnover during the period from DM3.3bn. to DM3.6bn. Cash flow rose from DM152m. to DM162m. and total profit from DM35m. to DM40m. The Board is proposing an unchanged dividend of DM7 per DM50 share, and Herr Seydaack added that it was hoped that this could be maintained for 1976, too.

Confidence at Demag

BY OUR OWN CORRESPONDENT

BONN, June 1.

DEMAG, the heavy engineering subsidiary of Mannesmann, to-day expressed confidence that business would be back to "normal" once again in 1976, despite a reduced flow of new orders that it reported to-day was 15 per cent. below the 1975 level in real terms for the first four months of this year.

In spite of the slowdown in new orders, the company enjoyed an order book at the beginning of the year which stood 39 per cent. higher than a year before, at DM2.7bn. (£590m.). Breaking this figure down, Demag said it was derived mainly from increased business in the sectors closest to consumer sectors of the economy; what it referred to as the "big ones"—meaning machinery orders from the capital goods sector—are still lacking.

The company also reported that capacity utilisation had improved in the first four months of this year to 86 per cent. from an average 80 per cent. in 1975.

Pirelli five-year plan accepted

BY DOMINICK J. COYLE

ROME, June 1.

A FIVE-YEAR reorganisation and development plan by Industrie Pirelli, the Italian operating subsidiary of the Dunlop-Pirelli group, has now been accepted by the Chemical Workers Union and the two Ministers directly involved, Sig. Carlo Donat Cattin (Industry and Commerce) and Sig. Mario Toros (Labour).

The plan, the second prepared by the company in less than three years in the face of consistent losses (L27bn. in 1975 alone) provides, as previously announced, for rationalisation in tyre manufacturing, the company's main product area.

New investment totalling L300bn is earmarked over the five year period, or some 11 per cent. more than that envisaged when the present plan was first unfolded almost a year ago. It will be financed through internal funds, the raising of some new capital and low interest credits available for investment in the South, where Pirelli is to complete three new plants.

Apart from its involvement in investment decisions, the trade union side has obviously been satisfied with the company's undertaking to return the total labour force to its original level of 32,000, an increase over the planned period of 6,000 new jobs.

Colonial Mutual income increases

BY ERIC SHORT

THE REPORT and accounts of Colonial Mutual Life Assurance for 1975 shows that world-wide premium income increased by 11 per cent. to SA172m. and investment income by 9 per cent. to SA90m.

The overall value of the group's insurance funds rose duringthe year by SR99m. to stand at SA1.22bn. at the end of 1975. New business, world-wide, in 1975 was more than 16 per cent. higher than the previous year, sums assured of SA1.65bn. being written, with new annual premiums amounting to SA33m. The rate of interest earned on all funds rose to 8.03 per cent. against 7.81 per cent. in 1974.

The directors report that Colonial Mutual has been steadily increasing the amount of funds invested in ordinary shares and property. These have risen from 11 per cent. of funds in 1953 to the current holding of 34 per cent. These types of investment are regarded as a means of combating the erosion of purchasing power by inflation. But the directors warn that the basic factor which justifies such investment is the adequacy of profits.

Air France still in the red

By Rupert Cornwell

PARIS, June 1.

AIR FRANCE, the French flag airline, is still embroiled in the financial difficulties which overtook the world's air transport industry with the 1973 energy crisis. Last year's operating loss is put at around Frs.350m. (£41m.)—which is none the less an improvement on the Frs.542m. (£67m.) deficit of 1974.

The final accounts will not be made public until the annual meeting at the end of this month, but it is already known that turnover climbed to some Frs.6.6bn. (£780m.) from Frs.5.8bn. Total passengers carried rose 6 per cent. to 8.04m., while seat occupancy although stagnant at just under 59 per cent. was well above the industry average of 55 per cent.

Air France's difficulties stem in part from the continuing effect of the recession, and it is unofficially forecast that 1976 will show another, if smaller, loss. However, the airline has had to contend with its own specific problems which have made matters worse.

Foremost among these have been the costly (and Government-enforced) switch to Roissy, the futuristic airport north of Paris and the start-up costs of regular Concorde services to Rio, Caracas and now Washington. An ageing fleet of Caravelles and Boeing 707s is a heavy consumer of fuel at a time when kerosene costs have soared.

A recent report moreover suggested that the airline employed too many highly paid pilots and maintained too many lines for prestige reasons. On top of this Air France is obliged by the government—which has virtually 100 per cent. ownership—to maintain loss making routes, especially to far-flung French overseas possessions.

Investment at Statoil

By Fay Gjester

OSLO, June 1.

STATOIL, NORWAY'S state oil company, made a loss in 1975 of Kr.62m. (£6.2m.), bringing to Kr.105m. the accumulated deficit since it was established in 1972. Investments last year reached Kr.957m. with half going to the giant Statfjord oil and gas field, in which Statoil has a 50 per cent. stake. Of the rest, some Kr 195m. went to help finance the petrochemical complex at Bamble, south east Norway, where Statoil is partnering Norsk Hydro and Saga Petroleum, and Kr.131m. towards development of the Frigg gas field, where the company has a 5 per cent. stake.

Income from operations last year was Kr.10m. compared with operating costs (including financial costs) of Kr.72m. Because of the enormous investment programme it faces, involving heavy borrowing from abroad, Statoil is not expected to move into the black until sometime in the 1980s.

Improvement in demand at Elkem

By Our Own Correspondent

OSLO, June 1.

ELKEM - SPIGERVERKET, the Norwegian metals, manufacturing and engineering concern, reports improved demand for many of its products in the first four months of 1976. Output rose and stocks of finished products shrank. Net pre-tax profits tripled to Kr.15m. (£1.5m.), compared with the final four months of 1975, though they were still well below the figure of Kr.85m. for January-April, 1975. Total turnover in the four months was Kr.825m. (Kr.860m. in January-April last year).

The company reports that it arranged for loans totalling Kr.400m. in the period, nearly half of which will be used to convert previous loans into longer term loans. The rest will be drawn on as needed to finance major investment projects (including environmental improvements) and inventory build-up.

Japanese shipping lines show savage falls in profits

BY OUR OWN CORRESPONDENT

SAVAGE FALLS in profits are reported by the major Japanese shipping lines for the year ended March 31, reflecting the tanker slump, weakness in freight rates generally, and fuller disclosure than was made by some companies at the half-way mark.

Before special items, Kawasaki (K Line) returned a loss of $30m. against pre-tax profits of $33m. in 1974-75. Nippon Yusen, which has the biggest operating income ($1.25bn.), made a loss of $4.9m. compared with the previous year's $64m. profit.

Mitsui Osk lost $3.2m. for a net downturn of $49m.

On paper, there were slightly better results from Japan Line—a pre-tax profit of $3.3m.—and Showa, which returned $4.3m. compared with $25.2m. However it appears that the worst is yet to come.

Ahead of the results, Nihon Keizai Shimbun claimed to-day that Japan Line, which has made a particularly heavy investment in VLCC tonnage, faces a $50m. deficit in the current half-year. The report added that the $1bn. a year (in sales) company is virtually getting the rehabilitation treatment, in being required to accept two official nominees on its board.

The company declines to comment on the report, which it describes as speculative, but admits that Mr. Ryoichi Owada of the Japan Development Bank (the major source of shipping finance) has been nominated for election to the board on June 29. There is no doubt either about Japan Line's extensive VLCC commitments, including several ships held under long-term charter from Mr. Y. K. Pao of Hongkong. Ten of these tankers are laid up, according to the Japanese Press report, and the number will rise to 15.

Somewhat pointedly, NYK, which has a reputation for conservative reporting, gave a forecast for 1976-77 which suggests its position will not deteriorate. The company expects that the tanker situation will deteriorate before it improves. But tramp freights are stabilising, while the liner division is expected to turn in a profit of $16.5m. this financial year, on the strength of the sharp increase in trade on the trans-Pacific route.

All five companies have been able to scrape together enough non-recurring items to show earnings of some sort for 1975-76. NYK's are $9m., a drop of 65 per cent.

Japan Line gives earnings of $8.7m., which is 7 per cent. down. From Mitsui-Osk the figure is an unchanged $10m., from K Line it is 98 per cent. lower at $146,000, and Showa earned 7 per cent. less at $2.1m. K Line is said in the industry to be looking for massive support from its second largest shareholder, the Daichi Kangyo Bank.

Changing bond trends in Tokyo

BY MARGARET HUGHES

TOKYO, June 1.

TERMS AND conditions have now been agreed between the Mexican Government and Nomura Securities as chief underwriter for the yen-denominated bond issue to be floated in Tokyo this month by the Mexican Government.

The amount ot be raised has not been disclosed but the bonds will carry a coupon of 9 per cent. and will be issued at 99.25 per cent. with a 10-year maturity. This is claimed to give subscriber sa final yield of 9.142 per cent .to make the new bond more favourable to the issuer than the five-year bonds which Mexico floated last February in New York.

This issue will be the fourth to be announced since the Tokyo marekt was reopened to foreigners last summer after closure for some 18 months following the oil crisis. It is also the first to be floated since the Ministry of Finance eased restrictions on the flotation of such bonds, allowing one bond to be issued every two months instead of every three months as previously.

The rate of issuing is expected to be ased still further in coming months but will be dependent on Japan's balance of payments position.

The Yen bond market was first opened to foreigners in 1970, when Japan had large cash surplses, but when the oil crisis eroded these, the market was suspended (November, 1973).

Since the easing of restrictions, a large number of overseas concerns have expressed interest in issuing such bonds—some sources put inquiries as high as 100. Among borrowers known to be in the pipeline are the European Investment Bank, the World Bank, and the Governments of Brazil and Singapore.

The issue of yen bonds has also been extended to private sector foreign enterprises. Here Bell Canada, Dow Chemical, Proctor and Gamble and Compagnie Française de Petroles (CFP) are known to be at the head of the queue, while General Motors and General Telephone and Electronics are expected to follow suit.

However, as far as bond issues by private companies are concerned, a major hurdle has still to be overcome. Bond issues on the Tokyo market are issues on a secured basis while corporate bonds of foreign companies are usually issued on an unsecured basis. This limits the attraction of the Tokyo market to foreign corporate borrowers, however anxious they may be to broaden their borrowing base.

Japan's securities companies are currently negotiating with the Finance Minstry n the hope of ganng appsoval for unsecured bonds to be floated n Tokyo. But ths s expected to requre tiime, partcularly for reviewing the impact on the domestic bond market, so that bond issues by foreign corporations are not expected to take place until early next year.

Nissan Motor reports record

BY PETER DUMINY

TOKYO, June 1.

NISSAN MOTOR reports record sales and earnings for the second half, giving the best ever results for a full year. Pre-tax and before special items, there was a three-fold increase in profits from 1974-75—from $107m. to $337m., comfortably exceeding market expectations as well as the 1972-73 peak.

The results were derived from a 24 per cent. rise in turnover (to $5.9bn.), which in turn was attributable to 13 per cent. increases in both domestic and export sales volumes, combined with healthy price increases. In addition, production was 14 per cent. higher (at 2.1m. vehicles) and increased throughput did much to hold down unit costs, the company says.

Earnings rose from $62.7m. to $174m., of which $109m. was added in the second half.

Progress will be more restrained, but still substantial, in this financial year, Mr. Tadashi Ishihara, executive vice-president, forecast to-day.

Turnover should grow by 13 per cent., giving an 18.6 per cent. boost in pre-tax profits and pushing earnings up to $200m.

The forecast shows exports making the running, with a 12.8 per cent. increase to 1.1m. units.

Looking further ahead, Mr. Ishihara, said the recent U.S. dumping investigation, though dropped, had come as a "big shock" to Nissan. The company now feels there is danger of a resurgence of trade protectionism in the U.S.

This is the reason why Nissan is seriously thinking now about an invesiment in U.S. manufacturing or assembly operations.

No decision has been taken about this, "and whatever happens we will not be coming on stream before 1981." However, Mr. Ishihara implied that the advance planning suggests a sizeable operation, incorporating the most sophisticated labour-saving equipment.

According to Mr. Ishihara, the main objection to U.S. operations over the "several years" that the project has been under consideration, is that foreign workmanship does not measure up to Japanese skills.

"These days most of our employees are high school graduates, and they always do their level best to improve work methods. It is not easy to find this sort of dedicated worker outside Japan."

London & Continental improves

BY MARY CAMPBELL

LONDON and Continental Bankers, which is majority-owned by Deutsche Genossenschaftsbank, has announced profits of £0.99m. before tax in the year to end-March, up from £0.82m. the year before. Profits after tax were £0.43m. (£0.36m.)

Overall balance sheet assets rose from £152.2m. to £184.6m. in the bank's last accounting year. Loans maturing after one year increased from £30.1m. to £61.3m. Share capital remained unchanged at £10.45m.

Apart from medium term lending a big element in the increased balance sheet footings was a rise from £3m. to £13.7m. in the value of bonds held for investment. These are World Bank bonds maturing between 1979 and 1985.

New chief chosen for IRI

By Anthony Robinson

ROME, June 1.

THE BOARD of IRI, Italy's largest State holding company, has chosen Sig. Elberto Boyer, the 55-year-old chairman of the IRI Finmeccanica group, and of the public sector's employers' association, Intersind, to replace Sig. Leopoldo Medugno as director-general of the group. Sig. Medugno resigned three weeks ago after strong criticism of the performance of the top management team of the group. He has since been appointed chairman of the Banco di Roma, one of three large banks controlled by IRI.

The Board's decision still has to be formally ratified by the Minister of State Shareholding, Sig. Antonio Bisaglia. This is expected to take place shortly but the Socialist Party in particular is opposing a definite decision on the management reshuffle until after the elections.

But the delay in replacing Sig. Medugno has already led to a one day strike by management staff at IRI in protest against the delay and the degree of political interference in the choice of top executives. Sig. Boyer's appointment leaves vacant the chairmanship of Intersind, the State Industry's negotiating body with the trade unions and Finmeccanica, where he took over two months ago from Sig. Tamilio Crociani, who resigned and left the country because of alleged implication in the Lockheed payment scandal and other irregularities.

Unionamerica insurance discussions

By Jay Palmer

NEW YORK, June 1.

UNIONAMERICA, the large financially-troubled West Coast holding company, warned shareholders that it is now holding discussions which could result in a sale of the company's most profitable division, its insurance group.

Refusing to identify the possible bidders, Mr. Robert Volk, Unionamerica's chairman, said that talks were going on with "several major concerns, both domestic and foreign." A spokesman for the company this morning added that at least one of these was based in Europe.

Last year Unionamerica reported a net loss of $29.4m. after a $26m. loss from the company's mortgage banking group. In the same period the insurance group showed a profit of $510,000 on revenues of $90.6m. (nearly 8 per cent. of total revenues).

Mr. Volk said that the insurance group currently has a net book value of $31m. and that he is looking for a sale price "substantially in excess of this figure." Stressing that the company was not in any great hurry to consumate such a sale, he added that the eventual proceeds would be used to retire outstanding debt.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	103¾	104¾
Ashland 8pc 1987	94½	95½
Australswiss 8pc 1987	93½	94½
BNCE 8½pc 1985	98½	99½
CNT 9½pc 1985	99½	100½
Conoco 8pc 1986	98	99
ECS 9½pc 1986	99½	100½
EIB 9¾pc 1985	101¼	102¼
ERAP 9½pc 1985	101	102
Esso 8pc 1986 Nov	99	100
Eurofima 8¾pc 1983	98½	99½
Granges 9½pc 1987	100¾	101¾
Massey 9½pc 1982	102¼	103¼
Michelin 9½pc 1986	99½	100½
MODO 9½pc 1983	99	100
Newfdld. Labrador 9½pc '86	102¼	103¼
New Zealand 9¼pc 1982	101½	102½
Norpipe 8½pc 1986	98½	99½
Norsk Hydro 9¼pc 1986	100½	101½
Oslo 9pc 1988	98½	99½
Pacific Light 8pc 1985	97	98
Prov. Quebec 9pc 1984	99½	100½
Seagram 8¾pc 1985	99½	100½
SEK 9pc 1983	100	101
Shell 8pc 1986	96	97
Stand Oil (Ind) 8½pc '86	102¼	103¼
Svenska Handels 9½pc 1986	99½	100½
Volvo 9½pc 1983	101	102
NOTES		
Barclays 9½pc 1982	101	102
British Gas 9pc 1981	99½	100½
Charb. France 8½pc 1981	98	99
Denmark Mt. Bk. 9pc 1983	99½	100½
ECS 8½pc 1981	100	101
EEC 8¼pc 1982	96½	97½
Electricity Council 8½pc '81	99½	100½
Montreal 9½pc 1983	101	102
Nippon Steel 9½pc 1980	101	102
Norway 8½pc 1981	100	101
Prov. Quebec 8½pc 1981	99½	100½
Seagram 9pc 1980	101	102

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	80½	82½
Ashland 5pc 1988	82½	84½
Beatrice Foods 4¼pc 1992	95½	97½
Beatrice Foods 4½pc 1992	107½	109½
Borden 5pc 1992	96	99
Broadway Hale 4½pc 1987	76	78
Canon Camera 7½pc 1990	147	149
Carnation 4pc 1987	78	80
Chevron 5pc 1988	115½	117½
Dart 4¾pc 1987	76½	78½
Eastman Kodak 4½pc 1988	113	115
Economic Labs. 4½pc 1987	70½	72½
Fed. Dept. Stores 4½pc '85	109	111
Firestone 5pc 1988	88	90
Ford 6pc 1986	87½	89½
Ford 5pc 1988	83½	87½
General Electric 4¼pc 1987	83½	85½
Gillette 4¾pc 1987	74½	76½
Gould 5pc 1987	89	91
Gulf and Western 5pc 1988	99	101
Harris 5pc 1992	84	86
Honeywell 6pc 1986	82½	84½
ITT 4½pc 1987	75	77
Komatsu 7½pc 1990	104½	106½
J. Ray McDermott 4¾pc '87	142½	144½
Mitsubishi Elec. 7½pc 1991	105	106½
Mitsui 7½pc 1990	101	102½
J. P. Morgan 4¾pc 1987	111	113
Nabisco 5½pc 1988	91½	93½
Owens Illinois 4½pc 1987	102	104
J. C. Penney 4½pc 1987	78	80
Pioneer 6½pc 1989	295	300
Revlon 4¼pc 1987	96	98
Reynolds Metals 5pc 1988	85	87
Sperry Rand 4¾pc 1987	95	97
Squibb 4¼pc 1987	74	76
Texaco 4¾pc 1988	76½	78½
Toshiba 6½pc 1990	111	112½
Union Carbide 4½pc 1982	119½	121½
Warner Lambert 4½pc 1987	85	87
Warner Lambert 4¼pc 1988	79½	81½
Xerox 5pc 1988	76½	78½

Source: Kidder, Peabody Securities.

U.K. CONVERTIBLE STOCKS 28/5/76

Statistics provided by data STREAM international

Name and description	Size (£m.)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.◇	Cheap(+) Dear(−)◇ Current
Alcan Aluminium 9pc Cv. 89-94	12.00	65.00	100.0	76-80	14.7	15.4						
Associated Paper 9½pc Cv. 85-90	1.40	78.00	200.0	76-85	12.7	13.6	20.0	0 to 20	49.8	49.3	− 0.5	− 20.5
Bank of Ireland 10pc Cv. 91-96	10.25	121.00	35.7	77-90	8.4	7.8	16.5	10 to 27	52.4	60.7	8.0	− 8.9
BPB 7¾pc Cv. 89-94	4.89	98.00	62.0	72-80	8.0	8.1	18.0	− 2 to 18	22.1	23.4	1.6	− 16.4
English Property 6½pc Cv. 98-03	8.84	98.00	234.0	76-80	6.7	6.7	4.7	−13 to 19	27.1	17.6	−10.2	− 14.9
English Property 12pc Cv. 00-05	15.31	98.00	150.0	76-84	12.4	12.4	63.3	21 to 77	29.5	54.4	41.6	− 21.7
Grand Metropolitan 10pc Cv. 91-96	123.90	86.00	120.2	73-78	11.8	12.1	13.6	− 3 to 14	11.6	13.4	2.3	− 11.3
Hanson Trust 6½pc Cv. 88-93	4.51	92.00	57.1	76-86	7.2	7.4	22.8	−16 to 24	31.5	33.8	3.1	− 20.8
Hewden-Stuart 7pc Cv. 1995	0.72	140.00	280.0	75-95	5.1	4.1	17.6	14 to 18	58.0	47.0	− 9.2	− 26.8
Lyons, J. 7½pc Cv. 1981	3.60	74.00	22.7	75-81	10.0	14.9	225.6	165 to 226	12.1	25.8	60.3	−165.3
Slough Estates 10pc Cv. 87-90	5.50	134.00	125.0	78-87	7.4	5.7	41.1	21 to 41	24.3	52.5	29.7	− 11.4
Tozer, Kemsley 8pc Cv. 1981	7.33	99.00	153.8	74-79	8.1	8.4	21.5	− 1 to 29	13.3	19.1	7.1	− 14.3
Wilkinson Match 10pc Cv. 83-98	11.10	85.00	40.0	76-83	11.6	11.8	43.6	36 to 50	23.6	42.6	32.1	− 11.5

* Number of Ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent. of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of Ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on Ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 5 per cent. per annum and is present valued at 15 per cent. per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 15 per cent. per annum. ◇ This is income of the convertible less income of the underlying equity expressed as per cent. of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent. of the value of [illegible]

جوال الأصل مكانة

Benefits for Brixton Estates

THE FULL benefit from the lifting of the rent freeze will be seen in the current year, according to Mr. M. J. Verey, chairman of Brixton Estate, in his annual statement.

The high levels of inflation in recent years have so far had little effect on rental income but as leases become due for renewal "substantial benefits from reversions can be expected."

The chairman is satisfied that facilities available to the group are sufficient to finance current commitments and to undertake further developments where suitable opportunities arise. The company is continuing to look for new schemes, particularly in the U.K. and Europe, and a number of proposals are being considered.

The accounts show expenditure amounting to £18.39m. (£14.29m.) has not been contracted for—the figures represent the estimated total cost of completing those industrial estates where development had started prior to December 31, 1975.

Until the Community Land Act is fully operative, the chairman says that realised development values on land will be subject to the development land tax proposals now before Parliament.

D.L.T. will replace capital gains tax on first lettings, which due to its penal nature, inhibited new development for investment. D.L.T. is "less onerous" for investment companies and it should be possible for the group to resume an active development policy in the U.K.

Preparations have, therefore, been made to start new industrial and warehouse schemes following the proposed change in tax on August 1.

The directors are satisfied that as at end December 1975 the aggregate current value of group properties exceeds their book value.

On May 7 it was reported that net profit increased from £0.9m. to £0.96m. after a £0.28m. (£0.38m.) transfer from capital reserve. Dividends are effectively raised from 1.5854p to 1.7095p net.

At May 6, Clerical, Medical and General Life Assurance Society held 23.16 per cent. of the equity.

Meeting, 22, Ely Place, E.C., June 23 at 12.15 p.m.

Outlook at Aberdeen Construction

Due to its location Aberdeen Construction Group is well situated to take advantage of trading in the north and north-east of Scotland, where recession has not been to the same extent as the rest of the U.K.

Chairman Mr. J. K. Hall reports that the flow of work available has attracted contractors from all parts of the U.K. and competition has thus increased.

In the building sector company workloads are at present adequate and constant attention is being directed to ensure that, as far as possible, they are maintained. Workloads in the civil engineering sector presently under pressure should be relieved later in the year when some major projects currently being planned reach the tendering stage.

The chairman says that modernisation of plant and equipment of companies in the concrete and extractive division will enable these to obtain an adequate share of an available market which is becoming increasingly competitive.

As reported on May 8 taxable profit for 1975 rose from £2.99m. to £3.6m. and the dividend is raised from 3.4541p to 3.75p net.

Mr. Hall points out that during the year "considerable" attention was paid to reducing dependence upon bank finance. Borrowings were down from £6.38m. to £1.24m. and charges for finance reduced from £0.88m. to £0.57m.

Notes to the profit and loss account disclose £3,500 (£3,000) paid as compensation for loss of office. Meeting, Aberdeen, on June 25 at noon.

Chairman's statement Page 22

Setback for G. & W. Collins

In the year ended February 28, 1976, turnover of wholesale food distributors G. and W. Collins rose by £8m. to £43.47m., but profit fell from £644,504 to £379,936.

After tax £205,476 (£315,935), net profit came out at £174,520 (£328,569). Extraordinary items total £11,413 (£204,321).

Earnings were 39.07p (68.54p) per £1 share, and the dividend absorbs £163,107 (£94,048). The ultimate holding company is Wheatsheaf Distribution and Trading.

Second half downturn at Kayser Bondor

A DOWNTURN in second half pre-tax profit from £393,000 to £143,000 is announced by Kayser Bondor giving a 1975 year-end total of £476,000, compared with the previous year's £591,000. In November last year it was anticipated that the first half's improved profitability would continue.

Now, the directors state that trading continues to be depressed in the hosiery and much of the lingerie business.

Stated earnings are 9.5p per 25p share (7.5p)—the dividend is being raised from 1.439p to 1.582p net. At the gross level of 2.434p (2.214p), this is the maximum allowed.

The company is a Courtaulds subsidiary.

	1975 £000	1974 £000
Turnover	14 1[illegible]	[illegible]
Pre tax profit	476	592
Tax credit	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
[illegible]		

Upward trend at Pork Farms

CURRENT trading at **Pork Farms** is in line with budgets for increased volume and earnings, reports Mr. David Samworth, chairman, in his annual statement.

And he is confident that this will continue, provided the company is not burdened by further expenses outside its control. Much will also depend on prices to be paid for raw materials in the coming months.

In spite of all the national difficulties *he remains as confident as ever for the future prosperity of the company.*

As already reported, pre-tax profit for the year to February 28, 1976 declined from £1.24m. to £1.08m.—adjusted for changes in the purchasing power of money profit is down from £2.31m. to £1.82m., reflecting a lower monetary gain on borrowings of £0.96m., compared with £1.13m.

It is explained that this gain results from the effects of inflation on net monetary liabilities, comprising loans, deferred tax and current liabilities less debtors and cash—the net borrowing position at the beginning of the year was £5.46m., equivalent to £6.72m. at year end after accounting for inflation, a reduction of £1.26m. The £0.30m. balance of the monetary gain arises from the movements in net monetary items during the year.

Dividends are up from 7.1220p to 7.601p net.

During the year the bank indebtedness was reduced by more than £0.54m. despite substantial capital expenditure. Since the year end £0.74m. of the unsecured loan has been repaid.

Mr. Samworth *says that present* cash flow is in line with forecast and with available banking facilities, continues to be adequate for trading commitments in the foreseeable future.

The chairman says that in spite of the difficulties, 1975-76 reflected considerable progress and consolidation.

Meeting, Nottingham, June 24, noon.

Chairman's statement Page 21

Pentland Ind. upsurge

Despite adverse trading conditions, *turnover of Pentland Industries* increased from £3.33m. to £7.17m., and pre-tax profit advanced from £67,000 to £192,000 in 1975.

And the chairman, Mr. R. S. Rubin, expects 1976 to be a year of continued growth.

A maximum permitted final dividend of 0.205p net per 10p share lifts the total from 0.346p to 0.38p.

	1975 £000s	1974 £000s
Turnover	7,172	[illegible]
Profit before tax	192	67
Taxation	[illegible]	[illegible]
Extraord. debits	60	49
Minority int.	12	—
Available	53	39
[illegible]		

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Weaker tone after rally peters out

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 1

ALTHOUGH corporate news helped to bolster individual issues and strength was initially carried over from last Friday, following the news that the oil *producers would maintain world* price levels, shares slipped back after early gains.

The Dow Jones Industrial Index was 2.66 lower at 972.57 and the Stocks Index surrendered 0.12 to 300.18. But the Transport Index was 0.83 higher at 213.79 and Utilities were 0.13 up at 85.41.

Closing prices and market reports were not available for this edition.

Raytheon Co. rose $1½ to $54½. The company said it signed an agreement to sell new Hawk missile systems to Saudi Arabia valued for $1.14 bn.

Dow Chemical *picked up* ½ to $99½. Some analysts described the stock as an attractive investment, and said recent selling following *a disappointing earnings fore-*cast, had been overdone.

Also higher were **Murphy Oil** up $1½ to $23¼, **Automatic Data Processing** ahead $1½ to $68½, **Iowa Beef Processing** $1½ higher at $32½, and **Standard Oil of Ohio** $1½ up at $72½.

However, **IBM** surrendered $2 to $254½, and **Walt Disney** was down $1 at $52½. **U.S. Shoe** lost $2½ to $20¼.

Prices on the American Stock *Exchange edged higher in light* trading. The Amex index rose 0.07 to 103.23, while turnover was light.

Knickerbocker Toy picked up $1½ to $10½ after declaring a 30 per cent. stock dividend. It also *raised the semi-annual dividend* to 7½ cents a share from 5 cents. The company also postponed indefinitely its annual meeting, which had been sceduled to-day, following the death of Mr. Leo L. White, its chairman and president.

As stocks turned mostly lower its was pointed out that the major Wall Street indications because of Monday's holiday.

OTHER MARKETS

Canada higher

The Gold shares index picked up 7.87 to 298.08 in Toronto leading stocks mostly higher in moderate mid-day trading. The Industrial Index was up 0.74 at 191.67 and Base Metals put on 0.14 to 88.34.

Golds responded to higher bullion prices. **Sigma Mines** (Quebec) jumped $1.50 to $20 *while* **Camflo** *rose* ½ *to* $9½ *and* **Dome Mines** added ½ to $43. Overall, advances led declines 147 to 115.

In Montreal, the Industrial Index rose 0.32 to 201.31 while Papers rose 2.04 to 121.25. Utilities gained 0.36 to 143.16 and the Composite Index advanced 0.32 to 194.80.

PARIS—The stock market was narrowly mixed in trading restrained by the current parliamentary debate on a proposed capital gains tax and the lack of Wall Street indications because of Monday's holiday.

Oils firmed most while Banks, Foods, Building, Engineering, Printing and Metals gained. Other sectors were weak. **Denain** lost Frs.6.7 at Frs.131.6. **BSN Gervais** fell Frs.7 to Frs.642 and **Michelin "B"** declined Frs.14 to Frs.1,317. But **Redoute**, **Air Liquide** and **Aquitaine** moved ahead.

BRUSSELS—Belgian stocks closed narrowly higher in quiet trading with little price movement. Gains were led by **Bruxelles Lambert**, **Traction**, **Vielle Montagne**, **Ebes**, **Union** *Miniere*, *Hoboken*, **GB-Inno-BM**, **St. Roch** and **CBR**, while declines included **Asturienne**, **Sidro**, **Cockerill**, **Gevaert** and **Tabacofina**.

U.S. issues were virtually unchanged following the Wall Street holiday closure, but Canadians ended higher. Gold Mines firmed. **Petrofina** eased Frs.40 to Frs.5,010. **La Royale Belge** fell Frs.10 to Frs.4,720, while **Wagon Lits** declined by *Frs.14 to Frs.676.*

FRANKFURT — The market closed narrowly mixed, with demand affected by institutional profit-taking.

Some Machinery and Steels rose, led by **Rheinstahl** up DM3, but leading Banks and Chemicals were either unchanged or fell up to DM1.50m. Electricals and Motors were steady to firm and **VW** rose DM1.70. **Veba** rose 60 pfennigs *after announcing higher* first quarter profits. **Allianz Versichening** slipped DM2, but **Lowerbrau** gained DM40 at DM1,840.

The bond market regained ground, with public issues rising up to 25 pfennigs. The authorities sold DM32m. of paper (12.8m.).

AMSTERDAM—The market was generally mixed with Dutch Internationals gaining some further ground and **Philips** showing a marked rise. However, **Hoogovens** was against easier.

Gains elsewhere were led by **Giessen** and **Van Ommeren** up Fl.2.8 at Fl.235.8. **Heiniken**, **Gist**, **Brocades**, **Naarden** and major banks registered marked declines.

State loans had an easier under-tone following the interet rate increase.

ZURICH — Shares fluctuated narrowly with a firmer trend on selective demand. **Swissair Registered** rose while Banks closed predominantly slightly firmer.

In generally firmer Financials **Oerlikon-Buehrle Registered** rose sharply to a new high following strong demand. **Juvena Bearer** recovered after a lower opening *to close very steady on balance.* Insurances remained neglected while Industrials gained slightly.

MILAN—Prices closed narrowly with light losses in most cases. But trading was selective and slow with an impending national holiday.

Some Banks and Insurances were among the gainers. Yet most Blue Chips, such as **Fiat**, **Olivetti**, **Pirelli** and **Montedison** were lower. **Mediobanca** fell L450 and **Erba** *lost L62.* But **Cucirini** put on L100 to close at L4,200.

Oslo—Industrials and Insurances were barely steady, while Shippings were firm. **Kosmos** *slipped Kr.5.*

VIENNA — Breweries firmed slightly. **Veitscher** continued to gain ground and **Semperit** re-*covered after recent declines.*

COPENHAGEN — The market closed higher in active dealings.

JOHANNESBURG—Gold shares advanced across a broad front on local and overseas interest. Volume was fairly high. Gains in smaller-priced issues ranged from five to 15 cents while Heavyweights rose up to 75 cents.

Financial Minings were fairly active and moved in line with producers. **De Beers** gained 6 cents to R3.48. Asbestos shares were in demand and Coppers were mixed. In Platinums **Bisplat** gained 3 cents to R1.68.

The Industrial market ruled quietly steady.

TOKYO — The market rose throughout the session with renewed buying more than offsetting increasing profit taking. The Tokyo S.E. Index closed at 348.41, up 1.75.

Many shares moved higher on improved corporate earnings reports, but the rise slowed slightly on profit-taking towards the close. While Synthetic Fibres, Chemicals, Ceramics, Machine Tools, Rubbers, Non-ferrous Metals and Construction issues firmed, Electricals and Motors closed mixed.

Major gainers included **Mitsui and Co.**, **Mitsubishi Gas Chemical**, **Asahi Glass**, **Iseki Agricultural Machinery**, **Hitachi** and **Matsushita Communication**. But **Sony**, **Matsushita Electric**, **Honda Motors** and **Nissan Motor** eased.

HONG KONG — The market *closed lower, mainly on profit*-taking.

Jardine Matheson fell 40 cents to $HK20.30, **Hong Kong Bank** *10 to $HK18.90,* ***Hutchison*** *2.5 to* $HK3.025, **Swire Pacific** 5 to $HK8.85, and **Wheelock Marden** 5 to $HK2.35.

AUSTRALIA — Mining and Industrial shares closed mixed in quiet trading. Uranium stock **Pancontinental** was unchanged at $A10.20 while **Queensland Mines** slipped 2 cents to $A2.18 and **Kathleen** *rose 3 to $A1.38.* Other Mining stocks showed some firmness with **Bougainville** up 2 cents at $A1.45 and **Hamersley** 2 ahead at $A2.07. On the Industrial boards **BHP** dropped 2 cents but **ICI** was unchanged at $A1.71.

Among Banks the **Bank of NSW** rose 2 cents to $A6.05, **CBC** was unchanged at $A2.08 and **National Bank** gained 2 cents at $A2.82. **CSR** dropped 2 cents to $A4.43 **Myers** slipped 3 to $A2.27 and **Woodside-Burmah** lost 2 to 88 cents.

Pound weaker

Sterling was at a further lowest-ever closing level against the U.S. dollar yesterday of $1.7540-1.7550, a fall of 40 points on the day. Trading was generally quiet and although the pound fell to a worst-ever level of $1.7490 there was no indication of Bank of England support for the currency. After *openin gat about $1.7600, sterling* touched a best level of $1.7630, but tended to weaken in nervous trading.

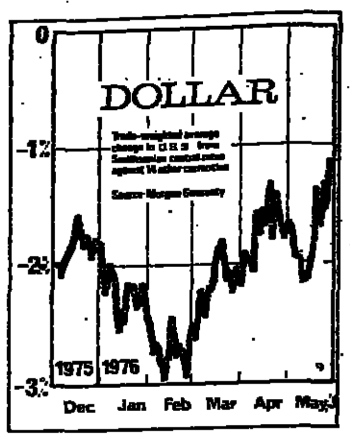
The pound's trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, widened to a record low of 39.8 per cent. from 39.6 per cent., after standing at 39.4 per cent. in early dealings and 39.7 per cent. at noon.

Concern about the result of the National Union of Mineworkers' pithead ballot on the Government-TUC pay agreement was suggested as a possible reason for the continued nervousness, coupled with doubts about Government plans for public spending cuts.

*In the present uncertain con*ditions the Swiss franc continues to be regarded as a safe haven for funds and the Swiss unit improved sharply, to close at *Sw.Frs.2.4275* against the U.S. dollar, compared with Sw.Frs.2.46 on Friday.

The U.S. dollar was generally firmer against other major currencies, but its trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, was little changed at 1.16 per cent.

Gold gained $1½ to close at $127¼-128 in fairly nervous *trading*, ahead of the gold auction by the International Monetary Fund. The krugerrand's premium over its gold content widened to 4.21 per cent. from 2.88 per cent. for domestic delivery, and to 3.43 per cent. from 3.28 per cent. in the international market.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	May 28	May 27
Sterling	0.647920	0.644808
U.S. dollar	1.14293	1.14434
Belgian franc	45.6229	n.a.
Deutsche mark	2.96055	n.a.
French franc	6.40120	n.a.
Italian lire	964.490	n.a.
Japanese yen	342.479	342.959
Dutch guilder	3.14191	n.a.
Swedish krone	5.07975	n.a.
Swiss franc	2.81504	n.a.

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.
n.a. not available.

EXCHANGE CROSS-RATES

June 1	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfu't	-	2.597-598	54.75-85	6.53-64	4.55-56	94.25-35	106.95-7.00
N. York	38.58-60		21.16-18	2.485-490	1.7570-90	36.33-35	40.63-68
Paris	182.43-83	4.738-748	-	11.916-941	8.317-342	172.07-47	193.95-4.35
Brussels	15.31-35	39.92-85	8.39-41		69.82-96	14.44-47	16.28-31
London	4.54¼-55¼	1.7540-50	8.31½-32¼	69.65-85		4.82½-83½	4.26½-26¼
Am'rd'm	106.05-09	2.7637-7662	58.0-11	6.922-927	4.830-835	-	112.77-82
Zurich	93.34-57	2.426-430	51.17-23	6.082-107	6.248-258	88.04-22	—

U.S. $ in Montreal. U.S. $=97.90-92 Canadian cents.
Canadian $ in New York. C$=101.96-101.98 U.S. cents. U.S. $ in Milan 845.00-846.00
Sterling in Milan 1479.50-1481.50

EURO-CURRENCY INTEREST RATES*

June 1 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	10¼-10½	5¼-5¾	8¼-9¼	5-5¼	3⅛-3¾	6⅛-7⅛
7 days notice	10⅜-10⅞	5⅝-5⅞	9-10	5-5¼	3½-3¾	6⅛-7⅛
Month	11⅛-11⅝	5⅝-6⅛	9⅝-9⅝	5⅜-5⅝	3⅝-3¾	1⅛-1⅛
Three months	12-12½	6½-7	9⅝-9⅞	5⅞-6⅛	3⅞-3⅝	1⅞-2
Six months	12½-13	7⅛-7⅝	9⅝-9⅞	6-6	4⅝-4½	2⅛-2⅞
One year	13-13½	7¾-8¼	9⅝-9⅞	6½-6¾	5-5⅛	3⅛-3¼

Euro-French deposit rate: two-day 8-8½ per cent.; seven-day 8-8½ per cent.; one-month 9-9½ per cent.; three-month 10½-10¾ per cent.; six-month 10½-11 per cent.; one-year 10½-11 per cent.

Longer-term Eurodollar deposits: two years 8¼-8½ per cent.; three years 8½-8¾ per cent.; four years 8½-8¾ per cent.; five years 8¾-9¼ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 5½-5¾ per cent.; three months 6⁵⁄₁₆-6⁹⁄₁₆ per cent.; six months 7¹⁄₁₆-7³⁄₁₆ per cent.; one year 7⁹⁄₁₆-7¹¹⁄₁₆ per cent.

* Rates are nominal closing rates.
† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-days' notice for guilders and Swiss francs.

GOLD MARKET

	June 1	May 28
Gold Bullion (a fine ounce)		
Close	$127¼-128	$125½-126
Opening	$126-126½	$126-126½
Morning fix'g	$126.05 (£71.805)	$125.25 (£70.876)
Afterno'n fix'g	$126.65 (£72.248)	$125.50 (£71.229)
Gold Coins (domestically)		
Krugerand	$132-134 (£75¼-76¼)	$128½-130 (£73¼-74¼)
NewSov'r'gns	$46¼-48¼ (£26½-27½)	$45½-47½ (£26-27)
Old Sov'r'gns	$43-45 (£24½-25½)	$43-45 (£24½-25½)
Gold Coins (Intern'nal'y)		
Krugerand	$131-133 (£74¾-75¾)	$129-131 (£73½-74½)
NewSo'v'rgns	$46¼-48¼ (£26½-27½)	$45½-47½ (£26-27)
Old Sov'r'gns	$40½-42½ (£23-24)	$40½-42½ (£23-24)
$20 Eagles	$210-213	$208-211
$10 Eagles	$106-109	$104-107
$5 Eagles	$75-78	$74-77

FORWARD RATES

—	One month	Three months
New York	0.93-0.80 c.pm	2.37-2.27 c.pm
Montreal	0.35-0.25 c.pm	1.18-1.08 c.pm
Amst'dam	2⅛-1¾ c.pm	8¼-7¼ c.pm
Brussels	25-05 c.pm	60-40 c.pm
Cop'nhg'n	5½-1½ ore pm	5½-3½ ore pm
Frankfurt	3¼-2¾ pf. pm	10-9 pf.pm
Lisbon	20 cpm-20 c. dis	50 c.pm-30 c.dis
Madrid	par - 50 c. dis	50-100 c. dis
Milan	10 - 20 lire dis	48-58 lire dis
Oslo	Not available	Not available
Paris	2¼-1¼ c. pm	4¼-3¼ c.pm
Stockh'lm	3-1 ore pm	8-6 ore pm
Vienna	30-10 gro pm	75-45 gro pm
Zurich	4-3 c. pm	11¼-10¼ c.pm

Six-month forward U.S. dollar 4.90-4.80c pm and 12-month 8.35-8.30c pm.

FOREIGN EXCHANGES

June 1 1976	Bank Rates %	Market Rates: Day's Spread	Close
New York	5½	1.7490-1.7630	1.7540-50
Montreal	8½	1.7150-1.7250	1.7185-1.7195
Amsterdam	4	4.82½-4.86½	4.82½-4.83½
Brussels	7	69.65-70.25	69.65-69.85
Copenh'gen	8½	10.75-10.81	[illegible]
Frankfurt	3½	4.54½-4.58½	4.54¼-4.55¼
Lisbon	6½	53.95-54.5	53.95-54.05
Madrid	7	119.10-119.50	[illegible]
Milan	12	1,482-1,488	[illegible]
Oslo	5	9.72-9.82	[illegible]
Paris	8	8.31-8.36	8.31½-8.32¼
Stockholm	5½	7.81-7.85	[illegible]
Tokyo	6½	525-535	[illegible]
Vienna	5	32.40-32.8	[illegible]
Zurich	2½	4.25½-4.30½	4.26½-4.26¾

* Base discount. † Given rates are for convertible francs. Closing financial franc 70.40-70.70.

OTHER MARKETS

		Notes Rates	
♦Argen'na	245.83-246.00	Argentina	[illegible]
Australia	1.4217-1.4377	Austria	[illegible]
Brazil	18.37-18.57	Belgium	[illegible]
Finland	6.85-6.86	Brazil	[illegible]
Greece	63.847-65.048	Canada	[illegible]
H'ngKong	8.5350-8.5525	Denmark	[illegible]
Iran	122-124	France	[illegible]
Kuwait	0.512-0.522	Germany	[illegible]
Luxemb'g.	69.65-69.85	Greece	[illegible]
Malaysia	4.4840-4.4990	Italy	[illegible]
N.Zealand	1.7745-1.7907	Japan	[illegible]
SaudiArab	6.15-6.25	Netherl'ds	[illegible]
Singapore	[illegible]	Norway	[illegible]
S. Africa	[illegible]	Portugal	[illegible]
U.S.	[illegible]	Spain	[illegible]
Canada	[illegible]	Switzerland	[illegible]
C$1—	[illegible]	U.S.	[illegible]
U.S. cents	[illegible]	Yugoslavia	[illegible]

Based on rates quoted by dealers. ♦ Rate given is Official. SCBRA Rate 47.47-47.87.

Indices

NEW YORK—DOW JONES

	May 28	May 27	May 26	May 25	May 24	May 21	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	975.23	965.57	968.63	971.69	971.55	950.75	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds	72.20	72.35	72.35	72.35	72.33	72.21	75.60 (22/4)	69.11 (2/1)	—	—
Transport	212.96	211.35	212.02	211.98	214.70	218.75	220.91 (11/5)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	85.28	84.93	84.80	84.52	85.54	86.34	91.90 (4/5)	84.80 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	15,860	15,310	16,750	18,770	15,560	18,730	—	—	—	—

	May 21	May 14	May 7	Year ago (approx.)
Ind. div. yield %	3.80	3.77	3.72	4.61

STANDARD AND POORS

	May 28	May 27	May 26	May 25	May 24	May 21	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	112.68	111.74	111.72	111.91	111.79	115.90	116.57 (24/3)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	100.18	99.36	99.34	99.49	99.44	101.26	103.51 (5/4)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	May 27	May 19	May 12	Year ago (approx)
Ind. div. yield %	3.49	3.42	3.36	3.76
Ind. P/E Ratio	13.42	13.73	13.94	10.30
Long Govt. Bond yield	5.90	5.85	5.79	5.89

N.Y. S.E. ALL COMMON.

May 28	May 27	May 26	May 25	1976 High	1976 Low
53.31	52.89	52.91	52.98	55.20 (24/3)	57.06 (2/1)

Rises and Falls May 28

Issues Traded	1,790	Up	937
Down	460	Same	393
New Highs	31	New Lows	39

		May 31	May 28	May 27	May 26	1976 High		1976 Low	
MONTREAL	Industrial	200.99	200.41	199.57	201.25	207.53	(19/5)	179.62	(2/1)
	Combined	194.48	194.15	195.89	196.29	199.76	(20/5)	173.87	(2/1)
TORONTO	Industrials	190.93	190.91	190.78	191.81	197.45	(30/3)	175.01	(2/1)
JOHANNESBURG	Gold	(u)	201.2	(u)	195.0	226.7	(12/3)	174.4	(5/4)
	Industrials	(u)	212.4	(u)	212.6	215.0	(21/5)	198.6	(5/4)

	June 1	Pre-vious	1976 High	1976 Low
Australia (a)	467.66	467.44	472.91 (12/4)	441.22 (6/1)
Belgium (b)	99.59	99.62	110.12 (5/3)	95.59 (1/4)
Denmark (d)	107.72	107.02	107.79 (27/1)	100.20 (10/5)
France (e)	67.5	67.5	74.5 (18/3)	65.1 (16/5)
Germany (f)	755.7	755.1	821.7 (17/3)	723.0 (25/5)
Holland (g)	94.1	94.6	105.5 (2/2)	94.1 (25/5)
Hongkong (h)	396.82	401.35	465.53 (7/5)	354.53 (2/1)
Italy (k)	76.77	76.83	91.07 (28/1)	72.20 (4/5)
Japan (m)	347.31	345.12	[illegible]	[illegible]
Singapore (n)	[illegible]	[illegible]	[illegible]	[illegible]

	June 1	Pre-vious	1976 High	1976 Low
Spain (p)	92.27	92.50	100.79 (7/2)	85.45 (1/4)
Sweden (q)	462.69	466.11	476.98 (10/5)	385.55 (19/1)
Switz'rl'd (r)	279.7	278.5	296.6 (12/3)	279.2 (25/5)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/72. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds * 425 Industrials † 425 Inds., 50 Utilities and 25 Rails. (e) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—121Z% (117½%)

NEW YORK

Stock	May 28	May 27	Stock	May 28	May 27	Stock	May 28	May 27	Stock	May 28	May 27
Abbot Labs	44½	44⅝	Corning Glass	70⅜	70	Johns Manville	26½	26½	Boeing	1	1
[illegible]	[illegible]	[illegible]	CPC Int'nation'l	42⅝	42⅝	Johnson Johnson	86½	85½	Republic Steel	37⅛	36⅞
[illegible]	[illegible]	[illegible]	Crane	31¼	31¼	Johnson Control	21⅛	21½	[illegible]	75	73½
[illegible]	[illegible]	[illegible]	Crocker Nat	22⅞	22⅞	Joy Manufacturing	47¼	44⅞	Reynolds Metals	35½	35½
Zenith Radio	32½	32¼	U.S. 5% 1985	‡90	‡90	U.S. Treas 4½ 1990	‡89½	‡89¼	U.S. Treas	‡80⅞	‡80⅞

[illegible]

CANADA

[illegible]

GERMANY ♦

June 1	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	92.9	+0.4	—	—
Allianz Versich.	408	-2	17	2.0
B.M.W.	246.5	-0.5	18	3.8
BASF	161.5		14	4.5
Bayer	155.3	-0.7	17	6.0
Bayer Hypo.	290	+2	20	3.5
Bayer Vereinsbk.	290	-1	20	2.9
Commerzbank	189.5	+0.2	18	5.0
Conti. Gummi	92	+1	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

[illegible]

AMSTERDAM

[illegible]

MILAN

June 1	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	660	+50	—	—
ANIC	580.5	-10.5	60	
Assonia Fin.	5,700	-50	120	3.6
Bastogi	898	+10	70	8.0
Breda	1,624	+14	165	9.2
Burgo	9.28	-20	200	2.2
Cantoni	5,295	+25	200	3.8
CIGA	2,300		—	—
Cucirini	4,200	+10	250	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ♦

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

AUSTRALIA

June 1	Aust. $	+ or —
Acrow Australia	†0.78	+0.02
Adelaide Brighton Cement	†1.15	......
Allied Mnfg-Trdg-Indus $1	†1.80	......
Ampol Exploration	†0.88	-0.02
Ampol Petroleum	†0.67	+0.01
Assoc. Minerals	†3.3	......
Assoc. Pulp Paper $1	†0.88	+0.02
Aust. Con. Industries	†1.65	......
Aust. Foundation Invest.	†0.94	[illegible]
[illegible]	[illegible]	[illegible]

TOKYO

[illegible]

Source Nikko Securities Tokyo.

STOCKHOLM

[illegible]

OSLO

[illegible]

JOHANNESBURG

MINES

	Rand	+ or —
Anglo American Corpn.	[illegible]	[illegible]
Charter Consolidated	[illegible]	[illegible]
East Driefontein	[illegible]	[illegible]
Elsburg	[illegible]	[illegible]
Harmony	[illegible]	[illegible]
Kinross	[illegible]	[illegible]
Kloof	[illegible]	[illegible]
St. Helena	[illegible]	[illegible]
Southvaal	[illegible]	[illegible]
Gold Fields SA	[illegible]	[illegible]

INDUSTRIALS

[illegible]

SPAIN ♥

[illegible]

NOTES: Overseas prices exclude S premium. Belgian dividends are after withholding tax.

[illegible]

FINANCIAL TIMES SURVEY

Wednesday June 2 1976

Channel Islands

In spite of criticisms of some of their policies from within the U.K. the Channel Islands continue to prosper. Inevitably they have imported some of the U.K.'s problems, such as inflation, and current policy in the islands is directed towards expanding their links with the EEC and the rest of the world.

The content of the wealthy

By Colin Inman

THE CHANNEL ISLANDS to-day are a prosperous and largely contented community. Without any indigenous resources other than soil, sea and sunshine the islanders have developed a balanced economy based on tourism, agriculture and a sprinkling of industry, and their emergence in recent years as a low taxation offshore financial centre has come as a welcome addition to this solid base, although it has also produced a need for careful monitoring of the islands' economic and cultural development.

There are more Channel Islands than most of us have heard of. These "pieces of France fallen into the sea and picked up by England," as Victor Hugo described them, lie between 80 and 100 miles south of the English coast, and comprise the bailiwicks of Jersey and Guernsey. The former consists of Jersey itself and two group of islets, the Ecréhous and the Minquiers, as well as a few smaller islets and rocks, hardly any of which are continuously inhabited. The Bailiwick of Guernsey includes Alderney, Jethou, Brechou, Herm and Sark, as well as its share of small islets, mostly used only by seabirds.

Alderney, which was devastated during the war, now makes its living from tourism and a little agriculture and has a growing offshore financial centre. Sark, on the other hand, remains firmly wedded to the lifestyle of a century or more ago and is a welcome refuge from the motor car; however, an increasing number of visitors, mostly day trippers, are beginning to strain the island's limited resources.

The islands form part of the British Isles and acknowledge as ruler the Queen in the guise of the Duke of Normandy. They are politically stable—in fact, party politics play hardly any part in either Jersey or Guernsey—and this stability, as well as a tradition of frugality, has contributed in no small measure to their carefully considered pattern of development.

What is remarkable is that they all seem to have managed to retain their separate identities: there has been little attempt at federalism, although the Kilbrandon Report suggested that this might be considered in the future. Jersey and Guernsey still differ widely in their approach to economic problems.

During the past year it is Jersey that has hit the headlines most often: there have been stories about illegal tank engine exports to South Africa; about currency smuggling (which gave rise to much speculation about how much of this goes on); about the astronomical price of Jersey potatoes, which reached as much as 80p a pound in London recently; and, at greatest length, about the island's attitude to wealthy immigrants, the so-called "rentiers."

The Channel Islands' policy of low taxation—the standard rate of tax is 20p in the pound and there is no surtax, capital gains tax or death or estate duties—is bound to attract those wishing to escape the high levels of tax elsewhere, particularly in the U.K. So popular did the islands prove, both to individuals and to companies, that a few years ago a real risk of overcrowding arose; Jersey's 45 square miles currently contain roughly 72,000 people, while Guernsey is even more crowded.

Threat

The islands reacted differently to the threat. As far as individuals were concerned, Jersey's answer was to allow in only the very rich, those who could contribute at least £10,000 a year to the island's coffers, and to limit their number to only 15 each year in addition to replacing those who had died or moved out. They would be expected to pay at least £100,000 for a house to live in.

Guernsey decided to adopt a more passive approach: the island's housing policy divides the market into two: "local" and "open." Open market properties—a fixed stock of some 1,200 houses generally costing over £50,000 apiece—may be bought by any settler, who does not have to pass any other tests.

At the moment there is no great pressure on either island from would-be rentiers, partly because of the U.K. Government's decision in October, 1974 that Capital Transfer Tax would be levied on U.K. residents who left to take up residence in the Channel Islands. This made it more difficult for U.K. residents to dispose of their assets, particularly property, in an advantageous way. Jersey has only seven applications in the pipeline at present.

Both islands extend their housing and development laws to control other sectors of the economy. Jersey's Regulation of Undertakings and Development Law requires that permission be obtained for any development of 100 sq. ft. or more, and in neither island has a newcomer any automatic right of residence or of property ownership; and a newcomer in this context may mean someone who has lived in the islands for many years.

Undoubtedly what amounts to a selective immigration policy such as this is open to abuse and will produce instances of injustice in individual cases. Its justification lies in the fingertip control that can be exerted on the economy as a whole.

A good example is in the financial sector. Rapid expansion of offshore activities after the sterling area contraction of 1972 again threatened to put too great a strain on the islands' resources, and current policy is to let this area of activity continue to expand but at a more measured rate and more selectively. This is easily arranged through the existing legislation.

The Channel Islands have a high reputation for financial probity and reliability—the one or two bad eggs that moved in early on have now been weeded out—and the aim is to build on this, and especially to attract business from around the world—two major arrivals in Jersey in 1975, for instance, were Algemene Bank Nederland and the Hongkong and Shanghai Banking Corporation.

In Jersey the financial centre has now overtaken tourism as the biggest revenue earner, and one cannot doubt that St. Helier's financiers in their beautifully furnished offices, have built up a very successful line of business, even though they may spend the first hour of each day sticking pins into little wax models of Chancellor Healey.

Total deposits held in Jersey now amount to about £1.1bn. and those in Guernsey to over £500m. Although the full range of banking activities is carried out, the best growth areas at present are reckoned to be in trust company business and, in Guernsey, in insurance.

Criticism from London by politicians who regard the islands' financial activities as a drain on the U.K.'s resources are generally countered by the assertion that the money flows in the other direction: Jersey's Economic Report for 1975 argues that the island makes a valuable contribution to the U.K.'s balance of payments and points out that the yield from a 20 per cent. income-tax rate per head of the island's population is as great as the per capita yield in the U.K. from the higher levels of income and corporation tax. The arguments will rage on, although the threat that the CTT decision might be the forerunner of more stringent measures seems to have been lifted for the time being.

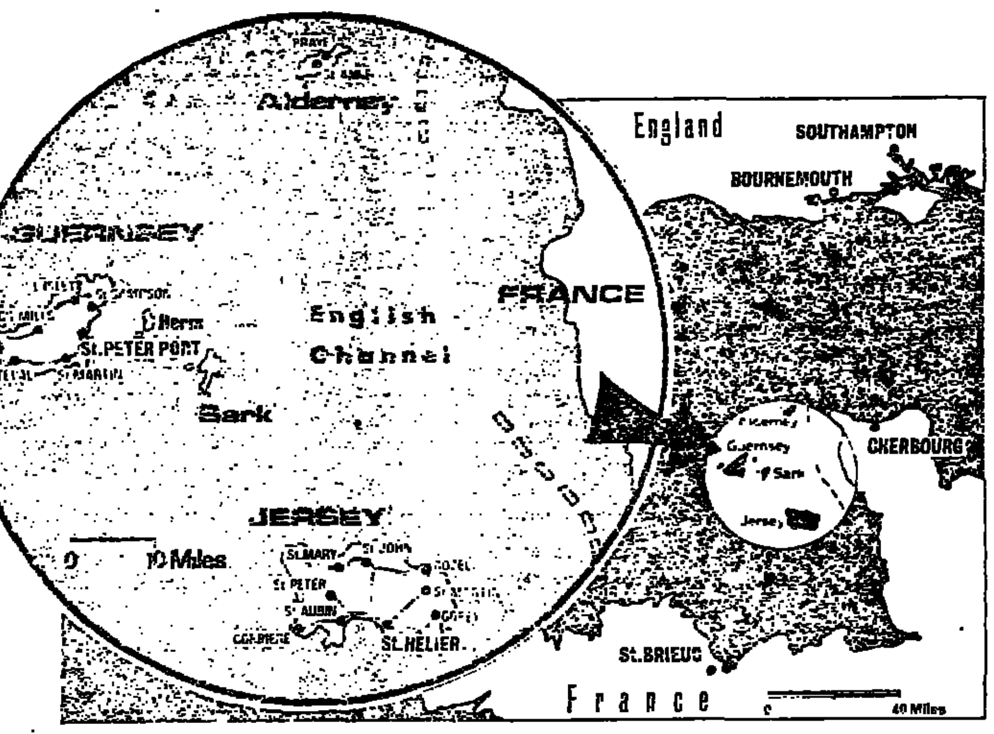
Greenhouse

Although in Jersey it is finance that is now the biggest revenue earner, in Guernsey horticulture still leads the way. From the air the island looks like a giant greenhouse: 1,000 acres under glass produced over 45,000 tons of tomatoes for export in 1975, worth around £18m., while flowers brought in a further £7m. Rising costs of fuel and labour have hit the industry, but a general inflationary situation, leading to higher product prices, coupled with the fall in value of the pound have helped to protect its U.K. sales from Continental competition; a paradoxical benefit of inflation.

The Channel Islands' landscape is unsuited to large scale agriculture, and they content themselves with being almost self-sufficient in milk production, since to import it would be an expensive proposition.

The other main plank of the economy is tourism, and it is to the islands' credit that they remain pleasant places for the visitor. Neither capital has been badly disfigured by glass and concrete office blocks, and even St. Helier's huge Fort Regent leisure complex, officially opened last week, is discreetly hidden behind the walls of the fort itself.

The coast of both islands abounds with small bays and coves, some with bathing beaches, others merely suitable for the children to explore the caves and search the rock pools for shellfish. And all, so the tourist brochures say, "caressed by the warm Gulf Stream waters." Inland the peace and quiet of the villages with their pretty cottages and elegant manor houses is broken only by the revving up of hired motor cars as the tourists drive up and down looking for the right road. Signposts are something the islands regard as a luxury.



Most of the visitors to the Channel Islands still come on an individual basis; there is no intention to turn St. Helier or St. Peter Port into a Benidorm or a Lloret. But some package tours do arrive in the islands, particularly from the Midlands. The British share of the tourist market is, if anything, decreasing (although the tour operators admit that bookings this year are likely to be late), while the number of French visitors is growing. The French come to take advantage of the falling pound to do their shopping and to eat in the excellent restauraunts that abound in the islands.

But even such a diverse economy as this is not complete without a dash of industry, even if its main purpose is to prevent too many school leavers failing to find jobs and having to leave the islands. Both islands have attracted their share of industry, although Guernsey is more active in this respect, in spite of the fact that it turns down most of the applications it receives. However, one has to remember that, unlike the situation in many areas of the U.K., labour intensive industry is not needed in the Channel Islands: there is almost full employment. A diverse economy, offering full scope for any skills available, is the aim.

In spite of occasional disagreements the islands' links with the U.K. are firm: their cars still drive on the left and the language spoken is usually English. So is the beer. Their laws stem from a mixture of English and French origins, and some say are easier to understand than English law. The physical links with the U.K. are adequate, but no more than that, and the islanders feel that they are too much at the mercy of the air and sea operators.

They have also imported, inevitably, the U.K.'s inflation, and this is a major worry, especially since local pay deals have tended to be slightly larger than those in the U.K. The role of the trade unions within the islands is likely to grow in importance in the next few years, but, as might be expected, there is much antipathy to the idea of trade unions operating at all, especially in the tourist trade and agriculture.

There is no doubt to-day that the Channel Islands are beginning to look more towards international markets. They are bound by a protocol to the British Treaty of Accession to the Common Market, and this has produced few problems, even on the agricultural and horticultural side. And apart from the increase in visitors from France, efforts have been made to attract tourists from other EEC countries, particularly Germany, Holland and Belgium.

It is entirely possible to disapprove of the Channel Islands and of their whole approach to life, and many people would like to see an end to tax haven activities within the British Isles. On a more general level, it is possible to disapprove of an island such as Jersey where almost every public house sports a notice barring those wearing jeans or with "excessive (sic) long hair," a rule which if interpreted to the letter would prevent some visiting journalists from obtaining much needed refreshment at the end of a hard day's work!

But one cannot deny that they know where they are going. The sheer efficiency of their economic planning is much to be admired, as is their production of up to date facts, figures and statistics, which also have the virtue of being comprehensible to those of us who are not economists. The Channel Islands' development is much better signposted than their roads.

SOME FACTS AND FIGURES

	Jersey	Guernsey
Area, square miles	45	25
Population	72,000	47,000 (Alderney 1,700, Sark 590)
Rainfall average, inches	33.4	Under 35
Temperature averages		
Summer	17°C	17°C
Winter	6°C	6°C
Sunshine, yearly average, hours	1,900	1,800-2,000
Motor vehicles	40,000	25,000

Finance centre still growing

IT IS 15 years since the Channel Islands began their steady growth as an offshore finance centre—a development which, in spite of a studied low profile, continues to stir ambivalent reactions both inside and outside the archipeligo.

Nevertheless expansion, nurtured by indigenous low-tax economies and political stability has never been halted, not even by the recession. Indeed, there are many who believe that the area is still only on the threshold of its full potential as an internationally known, respected and used "haven" with a legitimate role—that of protecting private and corporate capital and assets from uncertain futures elsewhere.

However, while growth has been continuous there have been changes of pace and direction following the realisation that some aspects of development were threatening to become counter-productive in the context of small communities with limited resources.

Good examples are the responses of Jersey and Guernsey to the problems which arose from their increasing attractiveness to fugitives from the U.K. tax system who, incidentally, created the first real impetus for the proliferation locally of all kinds of financial facilities. In the late 1960s the trickle of newcomers threatened to become a consuming flood which the islands could have dammed by raising the standard rate of income tax—20p in the £ since 1960—and introducing various other taxes which are still non-existent: surtax, capital gains tax, estate and death duties.

Such a solution, however would have been alien to the history and character of the inhabitants who include a high proportion of small, self-employed trade, business and professional people, such as Guernsey's 1,500 tomato growers. Low taxes have always been a vital part of their life-style.

All the same, since 1948 each island had been committed to the political principle that bona fide islanders should have first call on limited land, housing and building resources. Clearly, something had to be done to make it harder for the wealthy to enter "the kingdom."

Draconian

Jersey agreed to "ration" itself to only 15 new rich immigrants a year, each with a proven liability to pay at least £10,000 per annum in local income tax. While this may sound draconian, the island's authorities have gone out of their way to say this is only a guideline and that they are prepared to be "flexible."

In Guernsey potential settlers while escaping any form of "means test," are restricted to occupying existing properties by a law which prohibits new building for "rentiers."

No one knows exactly how many wealthy settlers have made new homes in the islands during the past 15 years and neither is the full extent of their total wealth known. Much, in any case, is securely secreted in the hundreds of private investment and trust companies with which the area abounds.

The best indications come from Mr. Colin Powell, Jersey's Economic Adviser, whose department is involved in "vetting" applications. In his definitive report on the Jersey economy in 1971 he wrote: "All in all, the figures that are available might be taken to suggest that the term 'wealthy immigrant' covers about 1,000 people with incomes of £10m. and a tax liability of about £2m. per annum." The report foreshadowed the stricter "rationing" policy which has severely curtailed the number of consents, which in 1968 totalled 130. Last December, Mr. Powell reported that up to September only 8 consents had been issued, with just seven more in the pipeline. Yet, if all were approved, Jersey's income tax department would gain by some £200,000 a year.

Mr. Powell's reports also indicate that some 55 per cent. of Jersey's income tax revenue of £25m. to £30m. is now generated by finance centre activities, including wealthy settlers. The Guernsey percentage is similar on total receipts of around £12m.

The banking, financial and insurance infrastructure which developed in the wake of the immigrant "boom" followed a similar pattern—an early rush, controls, then consolidation. The official view is that the islands were almost forced into their finance centre role by outside events. Guernsey's "chancellor," Mr. Edward Collas told a recent seminar of trust experts: "During the 1960s increasing amounts of funds began to flow into the islands from various sources. As successive colonies were granted independence, many expatriates who had been resident in these territories sought a haven for their capital.

"The remittance basis of taxing U.K. residents' overseas earnings also produced a flow of funds here. As the island became an increasingly important sterling deposit collecting centre, so more and more deposit-taking institutions were attracted."

He added: "A further impetus to this development was provided by the contraction of the sterling area in 1972."

New controls include protection of depositors laws in each bailiwick, tighter regulations and policies in respect of new office building, and the importation and housing of essential staff. Both islands are trying to train and encourage more local people to take jobs in banking and finance, which employs some 1,200 in Jersey and another 800 in Guernsey.

Fifteen years ago there were barely more than the joint stock and trustee savings banks in each island. To-day Jersey has 30 authorised institutions holding deposits of over £1,100m. and Guernsey 45 with in excess of £500m. Millions more are invested in unit trusts, with which many banks are closely associated. Last year Jersey alone authorised 11 new unit trusts with permission to raise up to £341m.

Such an immense accumulation of capital through a relatively small area has not gone unnoticed, or uncriticised. Guernsey's Mr. Collas observed recently: "All too often we are the object of outbursts of moral indignation by those who substitute envy and prejudice for reason overlooking the fact that the benefits are not all one way. The inflow of foreign funds to the islands has a directly favourable effect on the U.K. balance of payments."

It was partly a response to a few Labour left-wingers who have demanded that the islands should be "shut down" as tax havens. But it was also a pointer to the way forward for the island finance industries in their quest for more international recognition, and it echoed recent comment from Mr Powell.

"The islands fiscal and political stability, its proximity to Europe, and the standard of its banking and financial services combine to make it particularly attractive to those residing in, or trading with, areas of political uncertainty or with relatively harsh tax regimes," he wrote.

Apart from attracting more European and overseas banks—today probably the only new institutions likely to gain admission anyway—the islands have two major areas for growth. They are in the field of trust company activities, largely for non residents, and insurance, in particular captive insurance, whereby a company places its insurance through its own insurance subsidiary.

Countless trust structures to suit all manner of clients have been set up in the islands in recent years. The majority involve the use of non resident status local companies paying only a fixed £300 per annum in corporation tax. It is estimated that there could be some 2,000 of these which today cost around £350 to set up and an average between £700 and £1,000 a year in management fees. If they are not active both the tax liability and the fees are reduced.

Another point of interest is that as far as non-residents are concerned the beneficial ownership of trusts is not subject to compulsory disclosure and are as sacrosant as numbered Swiss accounts.

New private trust business with European nationals, however, is difficult, if not impossible to generate because continental law does not recognise the peculiarly Anglo-Saxon concept of "giving away" capital and assets into trust. But there is considerable potential with expatriates around the world from countries whose laws are essentially British while there are any number of corporate applications.

Potential

The foreign currency earning potential of such business was one reason why the Bank of England made arrangements for Channel Islands based trust operators to have special access to Exchange Control advisers.

The captive insurance market is entirely in Guernsey's court as currently Jersey lacks appropriate legislation. Leading advisers, already very active in the field, claim that Guernsey and Bermuda are at present perhaps the two best offshore captive insurance bases in the world for corporations spending at least £250,000 a year on conventional premiums. Bermuda demands, however, a minimum paid up capital of $U.S.120,000 whereas Guernsey is prepared to look at companies with a minimum of £50,000 with permission dependent partly on the amount of risk involved.

But according to some financial men the one thing more than any other which would accelerate international growth is transport—by this they mean more direct air links to European capitals, and drive-on drive-off car ferry facilities to adjacent French ports.

Bob Baker

JERSEY: NEW COMPANY REGISTRATIONS

	1973	1974	1975
Trustee and finance companies (unit trust) management	62	49	24
Private investment companies			
Jersey residents	314	224	188
Sterling area residents	369	375	225
Non-sterling area residents	245	255	173
Overseas trading companies	227	322	404
Local trading companies, etc.	548	232	261
Total new registrations	1,765	1,457	1,2[illegible]

Source: Budget Report 1975.

Property gold rush comes to an end

THE PROPERTY bonanza enjoyed—and by some deplored—during the early 1970s in Jersey and Guernsey is over, and there is every sign now that the gold dust is beginning to settle as the market stabilises to a more realistic level of supply and demand.

The most visible manifestation of the investment boom in Channel Islands property has been the number of new office developments that have sprung up in St. Helier and St. Peter Port, and have threatend in the eyes of conservationists the character of the islands' small harbour capitals.

Originally, modern offices were in very short supply in the wake of the expansion—particularly in Jersey—of offshore finance and banking business. But as shortage gave way to surplus, Government authorities in Jersey and Guernsey reacted in characteristically different ways to bring further building under control.

In January 1974, Jersey introduced its Regulation of Undertakings and Development Law, requiring special permission for any project of 100 sq. ft. or over.

Mr. A. J. "Tony" Williams of William A. Bull and Company, a leading St. Helier firm of estate agents and valuers, reckons that some 750,000 sq. ft. of office accommodation were available in 1974, where as about 40,000 sq. ft. are currently to let.

He says: "In the last 12 months there have been no new developments. The only building that is being carried out are projects that were already legislation."

Relaxed

Mr. Williams does not foresee any shortage of office space in the future. "Once the slack is taken up and offices become occupied, I think the Jersey authorities are likely to become more relaxed about the regulations — especially if demand comes from the kind of business they wish to encourage."

Average annual rent for quality purpose-built offices with central heating in Jersey is around £3 to £3.25 a square foot. In Guernsey, Mr. Michael Watt, property manager for Lovell and Company, the principal office letting agents in the island, quoted £3.50 per square foot for "prestige" offices at Albert House, South Esplanade.

This mix of shops, offices and local flats is now owned by Twentieth Century Banking of Brighton. The scheme was originally launched by Ernest Wolfgang Branch, an American property developer who cut a flamboyant figure in Guernsey during the boom period and was convicted in the U.K. last year on currency smuggling charges. Albert House, however, is an architectural tour de force in that the original 18th-century warehouse exterior has been preserved, and the development is therefore perfectly in keeping with the acknowledged charm of St. Peter Port.

The condition that construction could go ahead only if the outside of the building was restored (at considerable extra cost) was insisted on by Guernsey's powerful Island Development Committee. For the past 16 years, its political head has been Major Tom Ozer, a Guernsey senior statesman who was formerly a police chief in the West Indies.

Major Ozer experiences vertigo at the merest glimpse of a sketch plan for high-rise building. Under his occasionally ruthless leadership, the IDC has zealously protected Guernsey from repeated attempts to rape her natural beauty, has preserved agricultural land from speculators' wild oats, and demanded from architects and builders a proper respect for the island's character.

Many local estate agents believe the IDC applied the brake to further commercial development after 1974, when some 1,019,000 square feet of accommodation — including ancillary development such as flat and car parking — had either been built during the year, was under construction, was planned or was awaiting planning permission.

There was an urgent need to "cool" the rate of development. The economic situation in the U.K. was depressed and in Guernsey the housing laws were a deterrent for would-be tenants who would have had to import key staff but would have had little chance of housing them.

However, Mr. Watt admits that the island still has a surplus of office accommodation. Commerce House—at 25,000 sq. ft. one of the biggest purpose-built properties—is untenanted, but units of around 8,000 sq. ft. are "beginning to fill up well."

According to an IDC spokesman, proposals for office development have virtually ceased and several developers are seeking to alter their plans from office to alternative types of development.

Because Jersey's new control of development law applies equally to private property building resources in that island can now be concentrated on essential projects. In Guernsey, where there is a pool of over 1,500 "open market" houses available without strings to wealthy settlers extensions and alteration—sometimes simply to increase the value of the property—create a sellers' market for the building and decorating trades. One householder who had to replace all his window frames found it cheaper to bring over men and materials from the U.K. than to employ local firms.

The two-tier housing system operated by Guernsey simplifies business for the island's estate agents. It has also kept down the price of local properties, which are reserved for Guernsey people with residential qualifications, or for "essential" workers who can occupy only under licence from the Housing Authority. It is difficult for a Jersey family to buy adequate housing under £25,000, but in Guernsey there are good properties available at £10,000.

Intangible

Jersey accepts only 15 new wealthy settlers a year, apart from "topping up" existing residents who have died or left the island. Qualifications for entry are an income yielding a minimum of £10,000 income tax at 20p in the £ or a more intangible asset that will reflect social glory on the island—such as being a composer or a distinguished historian.

The criticism has been made that Jersey's policy of allowing in only the very rich results at times in notoriety for the Channel Islands as a haven for glamorous headline-hitting tax dodgers who are likely to provoke Labour MPs at Westminster.

But Colin Powell, the island's Economic Adviser, points out that Jersey is not responsible because people want to seek residence outside the U.K. He argues that the island can only accept a few wealthy immigrants, and a basis of "first come, first served" would be no less likely to attract newsworthy personalities than selection on the grounds of someone's value to Jersey.

A recent "11(K)" (estate agents categorise rich immigrants by the section of Jersey law that deals with them) is Jack Higgins (Harry Patterson), best-selling author of "The Eagle has Landed" and father of another best-selling author—16-year-old Sarah Patterson.

Jersey expects "11(K)s" to start house-hunting in the £100,000 upwards bracket. "Essential" newcomers such as doctors and top bank managers can buy property from £30,000, but lower echelons — even middle management — cannot buy in their own right at all until they have clocked in ten years' residence. They have to live in company property.

House property in Jersey is beginning to move again, if slowly, while Guernsey's open market has picked up briskly following the stagnation experienced by Channel Islands agents last year. In 1975 the normally buoyant months of May, June and July were deflated by financial uncertainty in the U.K. and the introduction of capital transfer tax.

Mr. Peter Rice, of Hampton and Sons, who is president of the Jersey Auctioneers and Estate Agents Association, says that some higher priced properties—those in the £100,000-£200,000 bracket—are being reduced in price by the owners who are serious about selling them, and that this reduction is tending to be reflected downwards. Meanwhile there is "plenty of movement in the £30,000 to £65,000 range."

But an indication that the day of the jackpot for agents is over comes from Mr. Alfred Langlois, of Langlois'. He says: "We have six properties at £400,000 on our books at present that we would have sold within four months in 1973."

In Guernsey, Mr. Clive Moy, of Martel, Maides, Le Pelley and Moy, thinks that U.K. buyers today are much more selective than they were in the early 1970s boom period. "Anything over £100,000 is difficult to sell—I think this end of the market is likely to come down in price."

Mr. Moy feels that Guernsey is attracting a new kind of U.K. settler—one not necessarily motivated by financial reasons. "Buyers are often younger now—men in their 40s who have sold a family business because of the increasing difficulties of running it. These are people who are fed up with the present U.K. way of life and are strongly drawn to the independent social climate of the Channel Islands. It is an intensely English way of life here in Guernsey—as it used to be in England 20 years ago or more."

Risen

Mr. Moy reckons that open market house prices have risen dramatically in the past five years, whereas the cost of local housing has increased far less. Referring to Fort George, a housing estate for wealthy settlers and the only site where new buildings on the open market has been permitted, he says: "You could get a house here for £30,000 not so long ago, but now the lowest price would be about £85,000."

His firm has some 46 open market properties available, at asking prices from £50,000 to a top £195,000. For sale at this price is La Vaurocque, in the tiny island of Sark. It is one of the original properties into which Sark was divided in the 16th century and the purchaser is automatically entitled to a seat in the island's parliament. Along with the six-bedroomed modernised house is 16 acres of garden and farmland, the price includes an open Victoria carriage with folding hood and a closed brougham with original upholstery.

Willa Murray

...TATIONS

	1974
	49
	224
	375
	235
	322
	232
	1,457

Tourist trade expects limp year

"THE DIFFICULT year we've been promising ourselves has finally arrived," says David ...nnington, president of the ...rsey Hotel and Guest House ...sociation. But his air is not ...actly one of impending ...sis, and he adds cheerfully: ...ven so I think we will find ...the end of the season that ...have not come off too badly."

With less money around in the U.K. for holidays and luxury ...ending, no one in the Channel ...ands is expecting business to ...quite up to what it has been ...recent years.

On the other hand, no one is ...ticipating disasters in the ...tel industry either. For a ...cade or so local hoteliers have ...en doing consistently well, ...d any shortfall this year has ...be seen against the back...ound of a series of record-...eaking seasons.

...Guernsey's Director of ...urism, Michael Walden, ...inks that the value of tourism ...the island's economy could ...ll be 10-15 per cent. down this ...ason in real terms. "But that ...in comparison with 1975, ...ich was a highly successful ...ar. Compared with 1974 we ...ght still be able to hold our ...n."

In Jersey — and in the small ...es of Sark and Alderney — ...e mood is still optimistic. ...nator Clarence Dupre, presi...nt of Jersey's Tourism Com...ttee, has predicted "another ...ccessful year."

Apart from a firm—and well ...unded—faith in their natural ...ractions as holiday resorts, ...e Channel Islands are counting ...two trump cards to keep their ...rist trade reasonably healthy. ...th arise from their being in ...sterling area: the price ...bility they can offer the U.K. ...lidaymaker and the bargain ...ey now represent in the Con...ental market, where more ...d more of their tourist eggs ...being put.

For the British tourist Jersey, ...ernsey, Alderney, Sark and ...rm are among the very few ...aces outside the U.K. where ...e pound is still worth a pound ...the end of the journey. And ...ile air fares have gone up ...ice in the past eight months ...he basic return rate from ...ndon is now nearly £36) the ...ands still give very good value ...en you get there.

Package tours are not liable ...sudden currency surcharges, ...tel tariffs are broadly in line ...th mainland prices but minus ...AT, and spending money goes ...bit further than at home ...cause of the low liquor and ...bacco duties—and, again, the ...sence of VAT.

Meanwhile for the Conti...entals the Anglo-Norman archi...lago, like Britain itself, has ...en getting cheaper and ...eaper.

Local hotel tariffs that have ...mped 40-50 per cent. in two ...ars still seem much what they ...re to the French, Dutch and Germans. Meal prices, as one Austrian-born hotelier in Guernsey pointed out, seem "ridiculously cheap" to the Continentals, especially the Germans.

For the French Jersey is becoming a kind of cut-price offshore supermarket for everything from English woollens and pop records to household goods.

Says Jersey's chief executive of Tourism, Mr. Leslie Rebindaine: "It is cheaper for the French to come here now than to holiday at home. They couldn't get the same standard of cuisine and service for the money in their own restaurants and hotels."

Jersey attracted nearly 180,000 French visitors last year, including day trippers, while about 3,000 French yachts put in at Guernsey's St. Peter Port marina. This year the invasion looks like being on an even bigger scale.

Catchment

But the Channel Island's Continental catchment area now extends well beyond nearby France. Both Guernsey and Jersey had stands this year at Holland's big holiday fair in Utrecht—Guernsey for the third year running—and at the Salon des Vacances in Brussels. Jersey also showed at two German tourism fairs, Stuttgart and Berlin.

"We are spending at least £125,000 this year in a very positive effort to capitalise on what we have been doing on the Continent over recent years," said Mr. Rebindaine.

"This doesn't mean we are turning our back on the U.K. market—far from it—but any falling-off in British trade can obviously only be bridged from the Continent."

About 15 per cent. of Jersey's staying visitors probably now come from outside Britain, though an accurate estimate is difficult, because many pass through immigration in London. However, virtually any local hotel—and even quite small guest houses—can confirm that the proportion of Continental guests is rising each season.

Guernsey has no means at all of monitoring this traffic since the great majority of its Continental visitors arrive via Jersey or the U.K. But the island's aim is to draw 25 per cent. of its visitors from the Continent by 1977, and Mr. Michael Walden is hopeful that the figure this year will be "in the area of 20 per cent."

Nevertheless scheduled air links with the Continent have not developed to the extent the islands were hoping for in the early 1970s, partly because of the 1973 fuel crisis and its aftermath in terms of airline economics.

This year British Airways has withdrawn two direct services that were operating last season: Amsterdam-Jersey and Dusseldorf-Jersey-Guernsey. Guernsey has retained a twice-weekly service from Amsterdam—supplemented by a weekly charter operation—but Jersey's only scheduled continental link outside France is with Ostend.

Mr Rebindaine insists that communications are proving no real problem in expanding Jersey's Continental traffic.

The Germans, Dutch and Belgians are quite prepared to fly via London or Paris, he says, or make their way to the West of France and then cross by one of several ferry routes to the island, among them a frequent hydrofoil service from St. Malo.

Even so, while the island authorities are firmly against charter flights from the U.K. mainland for fear of losing their good year-round scheduled links, the field is clearly wide open for charter operations from the Continent—and some local tourism men believe future traffic will have to be largely on this basis.

Meanwhile the Channel Islands, traditionally a British playground, are in course of adapting themselves to a new European role. This involves, among other things, building up relationships with Continental travel agents, adjusting to later booking patterns, becoming more polyglot (official literature is already in French, Dutch and German as well as English) and projecting their tourist appeal from new angles.

Asset

Jersey has one special asset in its Gastronomic Festival, just held for the eleventh year running, which has undoubtedly done a great deal, especially in France, to spread the island's reputation as a gourmet's paradise of lobster, fresh vegetables and rich cream.

Helped by professionals from a dozen countries who have settled in the archipelago, and in many cases opened their own establishments, all the islands can now hold their own gastronomically with any mainland resort—and at prices that rarely exceed £5-£6 a head.

Even tiny Sark has its notable restaurants, including one, Petit Champ (reached across a field of cows) that has consistently won a special award in Britain's *Good Food Guide*.

The Continentals (and the North Americans, now turning up in not insignificant numbers) have helped to awaken the not very heritage-conscious Channel Islander to the fact that he has something unique to offer in the way of historic traditions, customs and relics.

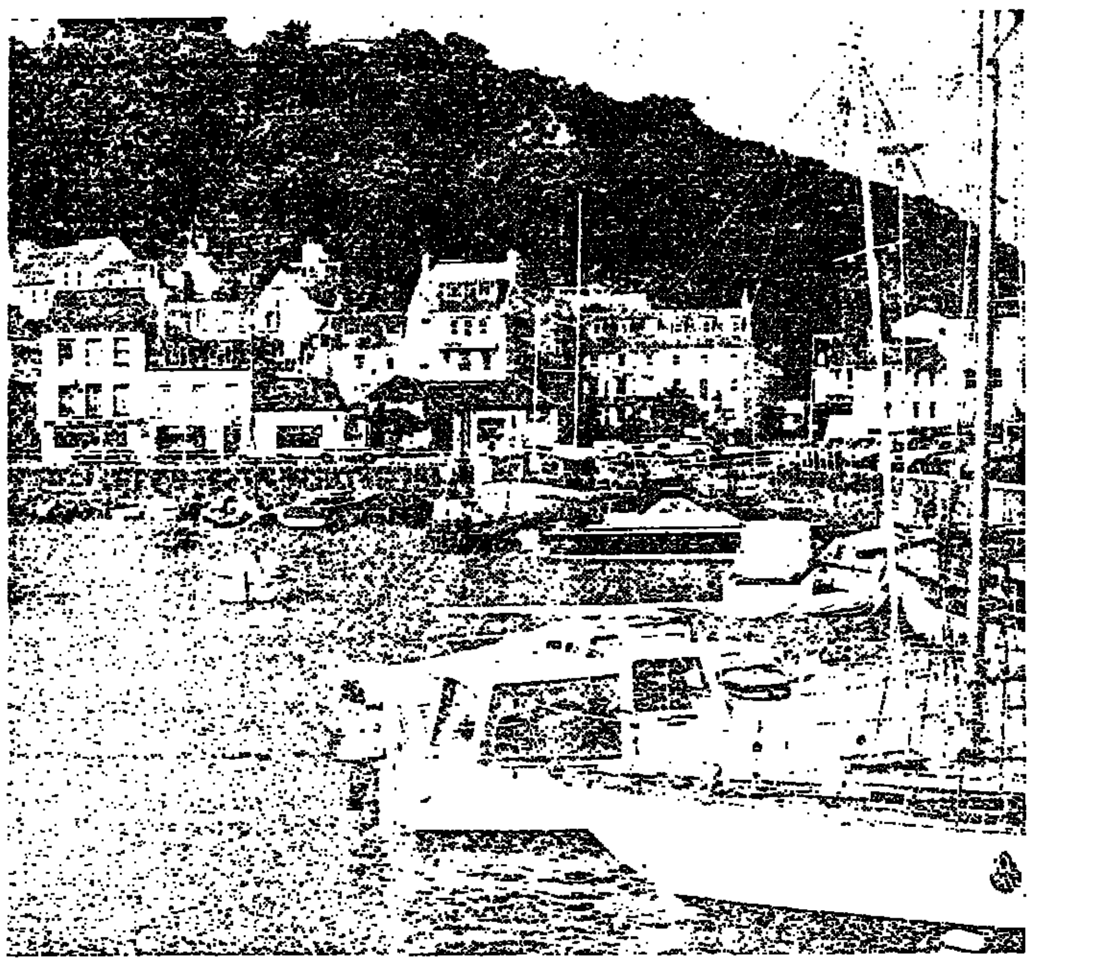
Encouraged by this new respect for the past, Guernsey's Ancient Monuments Committee has just opened a maritime and wrecks museum in an old fort and revived a colourful noonday gunnery ceremony at 13th-century Castle Cornet. It is also building a new island museum and art gallery.

Meanwhile Jersey is developing an early 19th-century fortress overlooking St. Helier, Fort Regent, into a leisure complex housing everything from museums to dodgem cars and an indoor skating rink. By the time the £1m-plus scheme is completed the island should have one of Europe's most impressive pleasure-domes. Guernsey is meanwhile investing £2½m. in its own leisure and conference centre, due to open later this year.

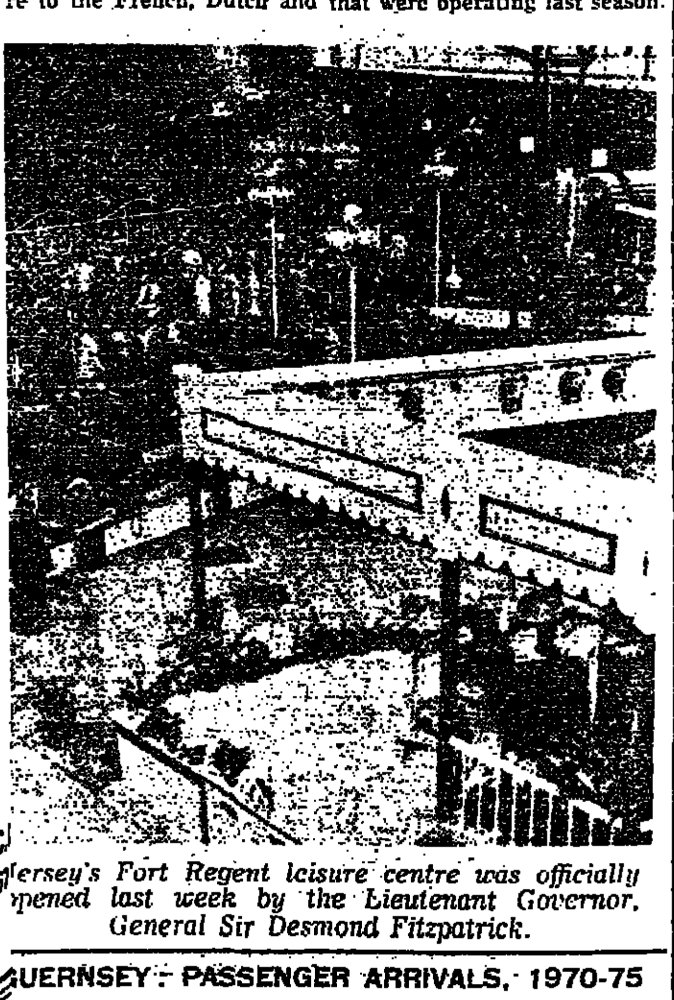
Edward Owen

JERSEY: HOTEL BED OCCUPANCY

	Average Bed Occupancy Rates	Change in Occupancy Rates 1974-75
	%	%
May	75	−6
June	83	−10
July	92	−3
August	96	−1
September	86	−7
Average May to September	86	−5



The harbour at St. Aubin, Jersey.



...ersey's Fort Regent leisure centre was officially ...pened last week by the Lieutenant Governor, General Sir Desmond Fitzpatrick.

...UERNSEY: PASSENGER ARRIVALS, 1970-75

	By Sea (000's)	By Air (000's)	Total (000's)	Tourists (000's)
	88.6	150.5	239.1	204
	83.4	153.9	237.3	202
	91.1	174.8	265.9	229
	95.6	193.7	289.3	252
	107.3	193.9	301.2	263
	103.8	199.7	303.5	264

The passenger arrivals are exclusive of arrivals from places in the Channel Islands.
(Source: Tourist Committee.)

GUERNSEY: REGISTERED TOURIST ACCOMMODATION, 1970-75

	Hotels & Guest Houses Establishments	Hotels & Guest Houses Beds	Self-Catering Accommodation Units	Self-Catering Accommodation Beds	Total Beds
	681	12,353	397	1,871	14,224
	629	11,694	424	1,954	13,648
	662	11,712	433	1,989	13,701
	579	11,190	450	2,038	13,228
	531	10,552	463	2,121	12,673
	497	10,378	481	2,178	12,556

(Source: Tourist Committee.)

Farms and factories

THE PAST couple of years have been generally successful if somewhat unusual ones for the Channel Islands' agriculture and horticulture producers. Among the reasons quoted in Jersey's 1975 Budget Report for this good performance are the less favourable weather conditions in competing areas, reduction in acreage cropped in the U.K. (which is, of course, the major market), and the falling value of the pound, making the U.K. market less attractive to Continental producers. Guernsey's 1975 Economic Report gives similar reasons for the industry's success.

Jersey's agricultural sector makes up only 7 per cent. to 8 per cent. of GDP. Its main products are potatoes, worth around £4.6m. in export receipts during the first nine months of 1975, tomatoes (£2.4m. over the same period), as well as cauliflowers and daffodils: both the latter achieved relatively poor returns last year, largely because of the unusual weather conditions in the island and in the U.K.

It was the long dry spell last summer that led to a reduction in Jersey's potato crop from around 40,000 tons in 1974 to only 23,000 tons last year. But higher prices—as U.K. shoppers will realise only too well—compensated for the shortfall in output. And some growers were so overcome by the prices being realised that they even sold this year's seed potatoes! These are now in short supply.

The industry is supported from public funds, which are mainly directed towards ensuring self-sufficiency in milk output through production bonuses, and in assisting growers towards higher efficiency through improved techniques and marketing.

One of the island's aims is to promote the Jersey breed worldwide. It is not, however, an all-purpose breed such as the Friesian since it is not a meat producer, and the cholesterol/heart disease scare has hit sales of Jersey milk, which has a high butterfat content. The island runs an artificial insemination centre, but this is taking some time to get off the ground.

Unlike the situation in Jersey, in Guernsey, it is horticulture that still forms the island's biggest money earner. The island's 1,000 acres of glasshouses produced tomatoes worth £18m. in export earnings last year, and flowers worth a further £7m. As with Jersey potatoes, the volume of tomato production was down—though not by much, from 48,850 tons to 45,930 tons—but earnings were around 25 per cent. higher. Again the industry's sales in the U.K. were protected to some extent by the fall in the value of the pound, which made Continental imports, especially those from Holland, very expensive.

Total acreage under glass in Guernsey is falling by about 10 acres per year, but the industry's efficiency in terms of output per acre is increasing, aided by public money for modernisation. Around 3,600 people (a quarter of them women) are employed in Guernsey's horticulture a figure about 700 fewer than five years ago, but still about a sixth of the labour force, and both islands accept the need for maintaining these industries as a valuable employer of labour and also accept that considerable subsidies may be needed to aid the modernisation process.

Although in other sectors, such as tourism and finance, the islands are beginning to look further afield for their markets, there is little likelihood of this happening in agriculture or horticulture. Agriculture, apart from Jersey potatoes, remains largely useful for import substitution, particularly where milk is concerned, while the products of both sectors are tailored to British tastes, where they are "up-market" products, in the sense that they are of high quality and also arrive earlier than comparable home-produced goods. The Jersey new potato has about 7-8 days headstart over its U.K. counterpart.

The islands' relationship with the EEC has produced few problems so far—they do not contribute to the central fund and do not claim from it—but from 1978 onwards they may be forced to abandon the ban on imports of other breeds of cattle. Up to now the purity of the Jersey has been carefully protected.

The biggest problem at the moment is the weather. Prolonged drought has led to a serious water shortage—a tomato plant needs an inch of water per week, which represents 22,000 gallons per acre per week. The islands' growers must now be busy practising rain-making ceremonies in the evenings, especially since a state of emergency has just been declared in Guernsey, giving the States authorities wide-ranging powers to limit consumption. And there is one further problem that may need to be solved if the Channel Islands are to join fully in the activities of the EEC. At present their agricultural statistics tend to present area in vergees ($2\frac{1}{4}$ to the acre) and milk yield in pots (2 Guernsey pots to the gallon, but a Jersey pot is different). Faced with milk production in pots per vergee, even experienced Brussels officials might be expected to reach for the brandy.

JERSEY: EXPORT VALUES

	1973	1974	Jan.-Sept., 1974	Jan.-Sept., 1975
Potatoes	3.90	3.73	3.69	4.61
Tomatoes	2.36	2.09	1.78	2.41
Cauliflowers ...	*0.60*	1.38	1.04	0.49
Daffodils	0.43	0.43	0.40	0.37
	(7.29)	(7.63)	(6.91)	(7.88)

Source: Budget Report 1975.

GUERNSEY: TOMATO EXPORTS 1970-75

Year	Receipts, £m.	Index of Receipts	Deflated Index	Volume (tons)
1970 ...	8.4	100	100	48,990
1971 ...	9.2	109	100	50,170
1972 ...	8.9	106	88	45,830
1973 ...	12.0	142	104	49,950
1974 ..	12.6	149	90	48,850
1975 ...	15.6	185	93	45,930

Receipts are for the year ending October 31. They are gross proceeds less 12 per cent. for marketing, packing and transport costs.

The Deflated Index shows the Index of Receipts in 1970 terms.
Source: Guernsey Tomato Marketing Board.

Manufacturing

As yet manufacturing industry plays only a small part in the Channel Islands economic activity, but both Guernsey and Jersey are conscious of the need to develop it further. Jersey's Budget Report notes that expansion in this sector should be geared to the requirements of school leavers, and the island has tried to ensure that suitable industrial sites are available to accommodate firms moving in. Currently under construction is an area at Rue des Pres comprising four or five 5,000 square foot units. But the Report makes the point that there is little room for expansion at present because of the tight market for labour. Jersey expects some expansion of the sector in the late 1970s, because the 1961-64 birth rate bulge will produce more school leavers during that period.

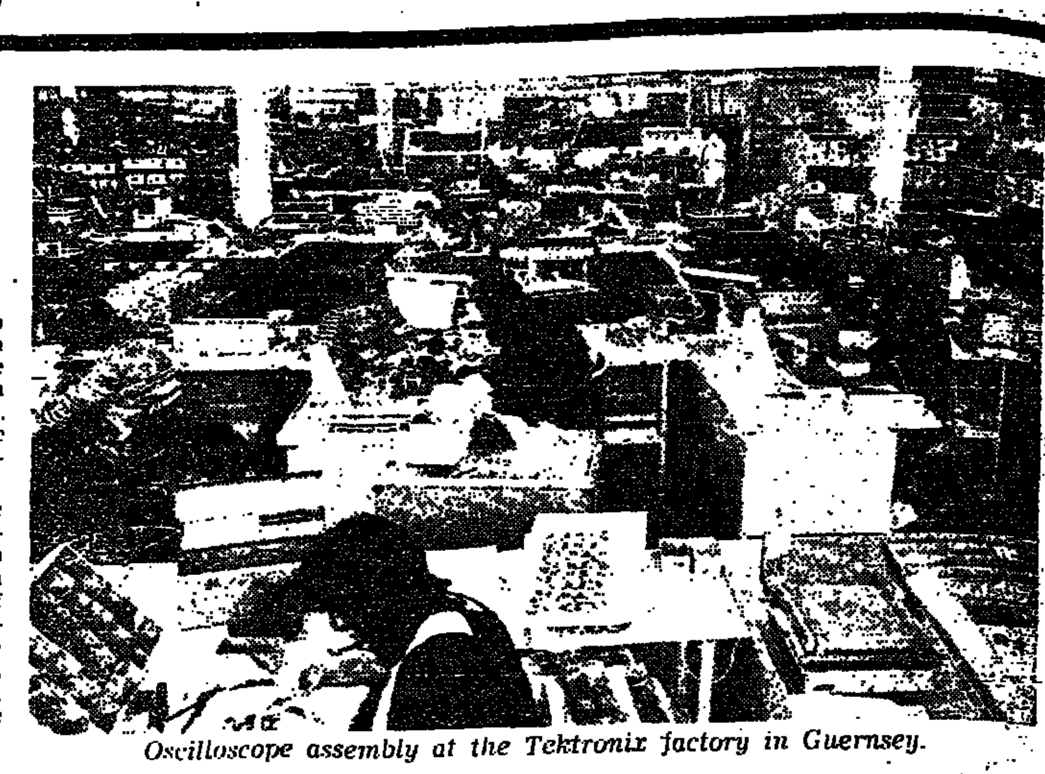
The biggest firm in Jersey is RCA Jersey, which makes a wide range of electronic equipment, including videotape recorders and TV cameras. The company is typical of the sort of industry that suits the island—it makes high-value products, without using a great deal of labour and without producing any pollution. Other companies in the island make knitted fabrics, pack tea, can potatoes, freeze vegetables, and make shock absorbers, pottery and a variety of other goods.

Guernsey has made more active attempts to attract industry, although the island still turns down most of the applications it receives. Although there are no incentives such as the investment and training grants that are available in parts of the U.K., companies are attracted by the financial advantages and by the island's good labour record. Most applications come from the U.K., although there are a few from France and other continental countries and from South Africa.

During last year enquiries were received at the rate of four per month, and the Light Industry Working Party considered eight firm proposals. Two new industries set up: one making pharmaceuticals and the other furniture.

Of the 900 or so people employed in light industry in Guernsey, over half work for Tektronix, the American oscilloscope manufacturing company. Others, making such things as greenhouses and temperature control equipment and plastics products, have set up as a spin-off from the island's horticulture activities, and as befits an island which attracts yachtsmen by the hundred there are shipyards producing boats to suit most tastes and pockets.

Colin Inma



Oscilloscope assembly at the Tektronix factory in Guernsey.

Living with inflation

ANY IDEA that the daily cost of living is lower in the Channel Islands than on the U.K. mainland is dispelled as soon as one walks round the shops and supermarkets.

Spirits, cigarettes, perfume and cameras are cheaper because of low duties and absence of VAT, but milk costs 12p to 13p a pint, butter around 50p a pound, a large sliced loaf 22p. The bargains are mostly on the gift and luxury counters: necessities, including clothes, tend to cost as much or more than in England.

With their monetary union with the U.K. and their heavy dependence on goods and services from the mainland, the islands have imported all of Britain's inflation. During 1974 and 1975 Jersey's prices index rose almost exactly in line with the U.K.—48.9 per cent. against 48.8 per cent.

In daily spending terms, however, the Channel Islands housewife has been harder hit because factors such as freight costs, the absence of food subsidies, add 5—10 per cent. to many items. A family of four now spends about £5 a month more on food and groceries in Jersey than on the mainland.

To calculate how the standard of living compares would be much more difficult. Lower income tax has to be balanced against high gas and electricity charges. Telephoning is cheaper but there are private doctors' and dentists' bills to be paid. Rates on property are enviably low, but building materials and house repair jobs cost more than in England.

Climb

What hurts, however, is the month-by-month climb in the cost of living, and here many islanders, specially pensioners and the lower-paid, feel at times that they are getting the worst of both worlds. For Jersey and Guernsey have firmly resisted pressures to introduce legislative control over prices, profits and dividends or other ingredients of the U.K. Government's counter-inflationary package.

The argument is that in the local context such measures would be irrelevant—costly and bureaucratic to administer and in the end as ineffective against the incoming tide of inflation as the action urged on King Canute by his courtiers.

Inflation is seen as the price the Channel Islands have to pay for their economic links with Britain, and basically the island authorities feel there is nothing to be done about it except to wait for the storm to pass. Meanwhile they see no sense in interfering with commercial operations or burdening their economies with subsidies and the like.

Official figures have been published to show that U.K.-style food subsidies would cut the cost of living by only $\frac{1}{2}$ per cent., while costing Jersey £560,000 a year and Guernsey £500,000. Moreover, it has been pointed out, these would benefit rich and poor (and tourists) alike, better to spend public money helping those who really need it.

Nevertheless Guernsey especially has been aware that too passive an attitude could bring trouble. If local pay settlements were allowed to get seriously out of line with Britain's, generating "excess" local inflation, the Channel Islands could eventually find themselves priced out of their U.K. markets.

So far the islands have escaped this danger because over a wide range of public and private employment the principle of parity or near-parity in pay with the mainland is accepted. In an effort to maintain this situation Guernsey has been trying over the past three or four years to get the co-operation of the unions—all U.K.-based—for some kind of voluntary counter-inflationary policy.

In April Guernsey's Advisory and Finance Committee obtained parliamentary backing for a report setting out its strategy. The hope of any formal wage restraint policy was finally abandoned and the emphasis put on "a proper understanding of the economic facts of life" by "all sections of the community." In return islanders were promised more consumer protection, including recommended maximum retail prices for about 50 basic commodities.

In Jersey a call for wage restraint was made by the island's "chancellor," Senator Cyril Le Marquand, in his last budget speech. However, Jersey has tried nothing comparable to Guernsey's counter-inflationary exercise, and the feeling there is that all Guernsey's efforts have really come to no more than what Mr. Le Marquand said—the need for goodwill and a sense of responsibility.

In the final analysis, it is pointed out, wage restraint means striking a bargain with the unions, and this is something Guernsey, like Jersey, has not been prepared to do.

Behind the scenes, in fact, the thinking in both islands seems to have been much the same. It is hoped that local wage rates will keep roughly in line with those in the U.K.; meanwhile letting wages find their own level is less damaging economically than meeting union demands for prices and profits control and perhaps more taxation of the wealthy.

Helped by the fact that they benefit from U.K. price controls since many manufacturers treat them as part of the home market, the islands have so far emerged surprisingly well. Commenting on the neck-and-neck movement of local and U.K. price indices, Guernsey's finance committee said: "This parallel experience has occurred despite the adoption in the U.K. of many different counter-inflationary policies since 1961, none of which has applied locally."

But problems might come if wage restraint in some form continued on the mainland for several years. This could bring about a widening gap between Channel Islands wages and salaries linked to the U.K. rate and those based on the local cost of living, and finally lead to a wholesale breakaway from the parity principle.

There are already signs of this happening (Mr. René Liro, Jersey organiser for the Transport and General Workers Uunion — the strongest in the Channel Islands with over 10,000 members — has claimed that several recent agreements, all strictly Jersey-based, have been "far superior" to those on the mainland. One case was that of the Jersey State technicians who after a $5\frac{1}{2}$-week work-to-rule won a rise of £8.25 a week, ending the traditional link with U.K. rates.

At present locally based pay awards, whether linked to the cost of living or supplemented by an insular allowance, probably do not add more than per cent. or so to the U.K. figure. But there is the question of what would happen if higher settlements had to be made for several years on end.

Empirical

Meanwhile the attitude of the TGWU and other unions in the free-enterprise climate of the offshore isles has been empirical rather than doctrinaire. It was predictable, however, that when Guernsey attempted at one stage to get Britain's £6 limit accepted as the basis for local negotiations the island should get a short answer from the TGWU: no U.K.-style wage restraint without the rest of the U.K. package.

Now Guernsey has made it clear that it is not asking the unions to do anything special—apart, if possible, from making one-year agreements—but simply to continue to show the good sense that has generally prevailed in the past."

The initial reaction from the TGWU has been that even this formula puts "too great an emphasis on wage control without other safeguards and benefits." In addition, there is a new and possibly embarrassing proposition. This is that the island Government should seek "the advice and assistance of our U.K. experts in formulating a policy acceptable to the greater majority of our membership."

It remains to be seen how far, if at all, the Guernsey authorities—or individual employers—will be ready to go along a path that virtually seems to imply inviting in mainland union officials to help run local affairs.

Indeed, this could well be the most worrying aspect of long-term inflation for the islands. As experience elsewhere has shown, inflation can be a means of redistributing not only wealth but also politico-economic power.

It would be a strange and unpredictable situation if the offshore isles ever found themselves having to negotiate with the U.K.-based unions over the future of their small capitalist economies. Ironically, their best protection at present against this happening seems to be the success of Labour policies across the Channel.

Edward Owen

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Wool floor price rise sought

By Our Own Correspondent

PERTH, June 1.

THE WEST Australian Government has submitted to the Australian Federal Government that the "floor price" of wool be increased 20 per cent. to 300 cents per kilo clean for 21 micron wool in the 1976-77 selling season.

The move, from one Liberal-Country party coalition government to another, follows a deputation from the Farmers' Union and Pastoralists' and Graziers' Association which warned of a significant shift of resources from wool to grain.

Industry representatives told the State Government they anticipated wool prices at auction would probably start at 280 cents per kilo in the 1976-77 season, rising to 300 cents early in the new year.

Meanwhile in the Adelaide wool sales, Merino fleece and skirtings were very firm with all carding wools fully 2.5 per cent. dearer compared with last week's inter-State levels, Reuter reported.

Competition was very keen with Japan and Eastern Europe the main buyers and very strong support from the EEC and local mills. The trade bought all the 25,452 bales offered.

Markets boosted by fall in sterling

BY JOHN EDWARDS, COMMODITIES EDITOR

THE FURTHER fall in the value of sterling yesterday brought a generally firmer tone in the London commodity markets. Coffee and cocoa prices reached new peaks and there were also rises in copper, tin and silver. The weakness in the Stock Exchange is also believed to have attracted extra investment interest to commodities, while the Unctad conference decision provided a firm undertone.

Copper shrugged off another rise in warehouse stocks of 2,300 tonnes raising the total holdings to a record 542,050 tonnes. The three months wirebars quotation traded at over £900 a tonne in early dealings, but there was resistance at the higher price levels and the market closed £7.5 higher at £895. Cash wirebars was £6.5 up at £864.25.

Also ignored by the market was a Reuter report from Lusaka that a delegation from Zambia is going to Angola this week to negotiate the release of Zambian goods held at th port of Lobito, including several thousand tonnes of copper.

From Lima it was reported that miners had once again suspended their threatened strike due to start on Monday in order to "restudy the situation."

Tin prices held steady in London, mainly as a result of sterling, despite a fall of SM14 to SM1,166.125 a picul in the Penang market over the holiday week-end. London was encouraged by the good turnover in Penang, and the three months quotation touched £4,500 a tonne at one stage again before closing £20 marginally higher at £4,477 after profit-taking sales.

It is believed the buffer stock was not active in either London or Penang, although it is rumoured that there are selling orders in hand if London prices exceed £4,500.

A fall of 490 tonnes in LME tin stocks holding, reducing the total to 10,135 tonnes, was anticipated generaly and in fact the discount of cash to forward prices widened slightly with cash tin closing £14 up at £4,335 a tonne.

Trading conditions in lead and zinc were subdued, and both eased slightly on nervous selling. Lead stocks rose by 750 to 77,525 tonnes and zinc by 1,225 to 65,475 tonnes. LME silver stocks rose 10,000 to 15,900,000 ounces.

State backs Robusta growing in Brazil

BY SUE BRANFORD

SAO PAULO, June 1.

FOR THE first time ever, the planting of Robusta coffee will be financed by the Brazilian Government, in the main producer states, if, as seems highly probable, the coffee cultivation renewal plan is approved by the National Monetary Council this week.

Robusta coffee, which is inferior in quality to the Arabica variety traditionally associated with Brazil, is largely used to manufacture soluble coffee and for domestic consumption. The new loan facilities reflect the increasing importance given to soluble coffee in Brazil.

According to Government officials, the planting of 300m. new bushes is foreseen in the plan, with quotas for each region. For the first time, too, the Government will not allow these quotas to be exceeded, so that the national total does not go above 2.9bn. bushes, sufficient t oprovide 20m. 60 kg. bags of coffee a year.

Breaking customary practice, the Government will be fixing a financing level per bush that is lower than production costs. This is because the Government believes that the present high prices are alone sufficient encouragement for the farmers.

Trade sources told Reuter in Rio de Janeiro that the floor price for Parana coffee in the interior remains at around 1,400 cruzeiros per 60 kilo bag, with offerings at that price still restricted. The sources confirmed that General Foods recently purchased coffee from Brazil at $1.29-1.31 per lb. They estimated the amount at 55,000 bags.

Algeria bought about 5,000 tonnes of coffee from Brazil this week, they said, but gave no price details. This follows Algeria's purchase of about 10,000 tonnes at the end of April.

The sources thought a possible temporary closure of coffee export registries, as suggested in London, is unlikely.

Exports registered so far this year for shipment up to end June total about 6m. bags—the amount the Brazilian Coffee Institute is looking for.

Exports in July and probably August are likely to be down following the entry of the $6 increase in the common quota contribution quota. Thus even though June exports will reach well over 1m. bags, prospects for the overall total do not seem to warrant closing export registries.

Russia rejects Australian meat offer

SYDNEY, June 1.

THE Australian Meat Board said the Soviet buying agency, Prodintorg, has declined an offer of Australian beef and mutton on a commercial basis.

Prodintorg said it was unable to accept hte offer as it has no orders for meat at present.

The offer, made after consutations with the Australian meat export industry, followed an earlier offer, also refused by Prodintorg, reported by the Board in mid-day, quantities involved were not disclosed.

Reuter

PAKISTAN RICE

KARACHI, June 1.

PAKISTAN'S RICE exports this year could reach a record 750,000 tons, according to the Pakistani rice export corporation.

Pakistan has exported 690,000 tons worth $202m. to Ski Lanka, Iraq, Saudi Arabia, Libya, Algeria and other countries.

Exports in the 1974-75 season ended June 30 totalled 350,000 tonnes, the U.S. Agriculture Department reported in December.

Reuter

New price change for U.K. nickel

By John Edwards

A CHANGE in the method of calculating U.S. prices of nickel to take account of the rapid change in the value of sterling, was announced yesterday by International Nickel and Le Nickel.

The June price for nickel sold in Britain will ne based now on the exchange rate of sterling against the U.S. dollar for the last five working days of the previous month, instead of two months previously as required by the Price Commission. The result is that the June price for electrolytic nickel charged by International Nickel goes up to £2,775.91 a tonne compared with £2,552.57 in May. The Le Nickel price for rondelles rises to [illegible]

However, Inco has introduced a special "allowance" for buyers of nickel oxide sinter 75 that is used mainly in the manufacture of stainless steel and alloys. From June to September the company is offering a discount of US$110 a tonne on the European price of $4,852, and 5 cents a pound on the world price of $2.07. This reflects the competitive conditions in the market, and Inco says the allowance will be reviewed at the end of each quarter.

It was reported that production at Inco's Thompson Manitoba, plant had been hit by picketing, preventing employees going to work. The pickets are protesting at Canada's anti-inflation Board's refusal to allow the wage rise of over 18 per cent agreed by the company to come into effect. The union had agreed to postpone a strike call for 15 days but were disobeyed by some employees.

More silver from India and the U.S.

By Our Own Correspondent

IN LINE with the trend in London rates the Indian silver price has soared to an all time peak of Rs1,318 per kilo (£79.8).

The price has shot up by Rs72 over the past week. Trade sources say that the price increase is mainly due to a revived demand from London and a local shortage of the metal in the main trading centres of Calcutta and Bombay.

India silver exports to the U.K. in 1975 were worth nearly £59m. compared with practically nothing in 1974. Exports during the current year have remained high.

Reuter reported from Washington: The General Services Administration's business service centre in New York is to hold three sales of reclaimed silver next month totalling 2,152,055 troy ounces.

The first offering involves 500,000 ounces being sold on behalf of the Defence Department. The second is 152,055 troy ounces on behalf of the Veterans Administration and the third 1.5m. ounces by the General Services Administration.

But, in London, it has been forecast that the pace of silver's recent price advance may well slow in coming months although a solid base appears to have been formed at around the lowest levels of the past month according to the Samuel Montagu company.

The market will find buyers on any setback but bouts of profit taking are likely to occur, it said in its monthly silver letter.

Much of the continuing rise in May was based on investment and speculative buying. Silver has shown greater resistance to profit taking than other commodities, it was noted.

Prices moved up again yesterday with the spot quotation 4.05p up on the 266.4p an ounce at the morning fixing.

Record Spanish sugar crop forecast

MADRID, June 1.

SPAIN WILL produce a record 1,283,000 tonnes of sugar in the 1976-77 harvest, Alopfo Sanchez, president of the National Syndicated group of growers, said.

This will give Spain a 323,000 tonnes surplus above the country's domestic needs of about 960,000 tonnes a year, he added.

Spanish sugar production in 1975-76 will amount to 906,000 tonnes, according to the latest Ministry of Agriculture estimates.

Of the two crops making up the harvest the summer crop will start this month in Andalucia where 116,579 hectares of red-beet have been planted against 72,000 hectares last year.

POTATO FUTURES CRISIS

The disillusionment of Maine growers

BY A CORRESPONDENT

MAINE POTATO growers, many of whom feel they are only pawns in the debate over who caused the unprecedented delivery default in the New York futures market, are trying to locate enough local "spuds" to meet the 997 unfilled contracts.

It is unlikely that enough potatoes remain in store, however, because of the unusually large shipments to Europe which had faced a serious shortage. Instead of waiting to see how they would fare in the futures market many growers took the guaranteed high profits from the foreign sales. Sales to Europe were up 60 per cent. in the past year. The growers' decision to sell abroad may have thrown off speculators' plans for meeting contracts falling due in early May.

All Maine potatoes, the only ones traded on the New York Mercantile Exchange, are produced in the State's northernmost county, Aroostook. Some leading potato brokers there are now saying that the time is ripe to end the futures market in their product.

To ban trading

Mr. John Mooers, a leading broker in Houlton, says an effort will be made to get Congress to ban the trading. He and his allies claim that the futures market allows people from outside the State to manipulate the income of local people.

Repeated surveys in Aroostook indicate that about 80 per cent. of the growers oppose the futures market. Yet a similar percentage of the crusty Mainers use that market.

Even without congressional action, the market may be dead. Mr. Richard Levine, president of the Mercantile Exchange says that it may list "North-eastern" potatoes which would not require that all those delivered come from Maine. Actually, the change in designation would only serve as a cushion in case there were another shortage of the Maine product.

Contracts

Some Maine growers fear that the current crisis was brought on by growers of competing Idaho potatoes. The futures market is limited to Maine potatoes, adding to their prestige. In fact, Maine only produces about 12 per cent. of all U.S. grown white potatoes. There is a small futures market in Idaho potatoes in the Chicago market, but it is not considered significant because so much of the Western production is allocated to the big processing firms without passing through the market.

The Mercantile Exchange is obligated to obtain the needed potatoes in order to make good on the defaulted contracts. Its agents have been scouring Maine with little success. When Mr. Levine offered buyers Idaho potatoes as a substitute, he was turned down. Those buyers who were willing to accept other farm produce in place of the missing potatoes settled their contracts just before the default on May 25.

The growers don't hide their disillusionment with the Federal Government. They attribute much of the exceptional volatility in potato prices this past year to political pronouncements by Mr. Earl Butz, the Agriculture Secretary. In an effort to demonstrate that the Ford Administration has helped farmers by keeping their prices high, he has reported shortages in the potato market which, the growers claim, resulted in artificial prices in the futures market and excessive speculation.

In addition the Commodity Futures Trading Commission was created 19 months ago to bring some order to the market. Yet growers complain that it sat idly by as the $6m default took place.

Those who want futures trading ended, which would get them out from under Federal regulation, claim that potatoes are more perishable and have a shorter shipping season than most other farm produce traded.

The quality

The futures crisis has developed at a time when the growers were already facing increased domestic marketing problems. Maine Agriculture Commissioner John Williams, whose job it is to promote the State's farm production, has recently charged that the quality of Maine potatoes has deteriorated sharply. Grading requirements appear to be regularly ignored as growers seek to have their potatoes labelled in the top category so they will gain the top dollar. MacDonald's, the national fast-food chain, has refused to use Maine potatoes in its outlets in the State, claiming they do not meet its own standards.

Britain heads for good cereal harvest

BY OUR COMMODITIES STAFF

BRITAIN COULD be heading for a good cereal harvest this year despite the recent drought in the south and east of the country, the British Association of Grain, Seed Feed and Agricultural Merchants (BASAM) said in its first 1976 crop survey yesterday.

Depending upon the weather between now and harvest time, the total crop could exceed last year's figure of nearly 14m tons, although it is unlikely that it will reach the 1974 record figure o fnearly 16m. it added.

"In the north of England and in Scotland, the prospects are particularly good and yields could be up on last year. Rainfall has been ample, except possibly in the north-east, and with some warm weather and sun tehre could be a record crop in some areas" it stated.

"Winter wheat sowings are up on the previous season and crops are growing well, with only a limited amount of disease observed so far. Spring-sown barley went into excellent seed beds and with the recent rain the crop is developing and showing, for the most part, excellent prospects for good yields provided there is adequate rainfall."

Reuter reported from Canberra: The Australian Bureau of Agricultural Economics has forecast that world wheat prices will be lower in 1976-77 than during the present cereal year.

The Bureau said world wheat production is expected to be about 380m. tonnes in 1976-77, a rise of 9 per cent. Consumption is expected to rise largely due to expanding population and there is likely to be an increase in the use of wheat as animal feed, it added.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher again on the London Metal Exchange. Forward metal rose to £901 in the pre-market following the firmer trend in the U.S. on Friday and the further weakness of sterling. In morning Ring dealings however, the price reacted to £895 on profit-taking, before rising afresh in the afternoon to £897 owing to speculative demand and the higher opening on Comex. This was however, met by influential selling which caused the price to ease again to £895 before it recovered modestly on the afternoon Kerb to £896. The anticipated rise in warehouse stocks to a further record level had little effect on prices. Turnover 14,225 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £865, 64.5, three months £895, 97, 96.5, 96, 95, 96, 96.5, 97, 96.5, 95.5, 95. Three months £867, 88, 86, 85.5, 85, 84.5. Kerb: Wirebars, early June £866, three months £894, 4.5, 5, 4.5. Afternoon: Three months £895, 6, 6.5, 5.5, 5, 4.5, 5. Cathodes, three months £855, 4.5, 4. Kerb: Bars, three months £895, 6, 7, 6.5.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Wirebars				
Cash	864-.5	+6.5	864-.5	+6.5
3 months	894.5-5	+7.25	894.5-5.5	+7.5
Settlem'nt	864.5	+6.5		......
Cathodes				
Cash	854-5	+6	853.5-4	+5.25
3 months	884-5	+7	884-.5	+6.75
Settlem'nt	855	+6		......
U.S. Smt.		......	*70	......

TIN—Gained ground despite the overnight fall in the Penang price which was offset by the fall in the pound. Forward standard metal equalled its recent record level of £4,500 in pre-market trading, but eased to £4,490 on liquidation prompted by talks that the buffer stock manager has selling orders in the market at above £4,500. The price then rose afresh to close at £4,490 on the afternoon Kerb following modest covering and consumer demand. Turnover 1,050 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grade	£	£	£	£
Cash	4350-5	+31.5	4330-40	+14
3 months	4487-95	+41	4475-85	+50
S'ment	4355	+33		......
Standard				
Cash	4350-5	+31.5	4330-40	+14
3 months	4487-90	+41	4475-80	+30
S'ment	4355	+33		......
Straits E.	$1166	−14		......
New York		......	—	−3.5

Cash £4,360, three months £4,490, 93. Afternoon: Standard: Three months £4,495, 92, 90, 85, 80. High Grade: Cash £4,340. Kerb: Standard: Three months £4,480, 82. Morning: Standard: Cash £4,350, three months £4,490, 85, 90. Kerb: Standard:

LEAD—Marginally easier on balance. After rising to £286 in pre-market dealings owing to the gains in other base metals, forward metal reacted to £280.5 on profit-taking, before rallying to end at £283 on the afternoon kerb. Turnover 5,925 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	273-4	+.375	272-.5	−.625
3 months	284-.25	+.625	282.5-3	−.75
S'ment	274	+.75		......
N.Y. Spot	—	......	*21-25	......

Morning: Three months £286.5, 86, 85, 84.5, 84. Kerb: Cash £273.5, three months £284.25. Afternoon: Three months £284, 83.75, 84, 82, 80.5, 82, 83. Kerb: Cash £272.5, three months £283, 83.5, 83.

ZINC—Barely changed in idle trading. Prices rose initially in sympathy with copper, forward metal moving up to £458 in pre-market dealings, owing to currency hedge buying, but subsequently eased on profit-taking to end at £450 on the afternoon kerb. The modestly larger than expected rise in warehouse stocks also had a dampening effect on prices. Turnover 3,075 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	435-.5	−1.75	433-4	−1.5
3 months	449.5-50	−.5	450-.25	−.125
S'ment	433.5	−2		......
Prm. West		......	—	......

Morning: Cash £435, 33, three months £454, 53.5, 52.5, 52, 51, 50.5, 50, 49, 50. Kerb: Three months £451, 51.5. Afternoon: Cash £435, 33, three months £451, 50. Kerb: Three months £450.5.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 4.05p an ounce higher for spot delivery in the London bullion market yesterday, at 266.4p. U.S. cent equivalents of the fixing levels were: spot 467.7c, up 5.7c; three-month 475.5c, up 5.6c; six-month 483.1c, up 6.3c; and 12-month 500.2c, up 6.1c. The metal opened at 265.8-266.8p (467-469c) and closed at 268.3-269.3p (470-472c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. close	+ or −
Spot	266.4p	+4.05	268p	+5.75
3 months	274.6p	+4.25	276.45p	+4
6 months	282.4p	+4.5		......
12 months	299.4p	+4.5	287.65p	+4.25

LME—Turnover 270 (151) lots of 10,000 ozs. Morning: Cash 266.5; three months 275.5, 75.3, 75.5, 75.6, 75.5, 74.5, 74.3, 74.5, 74.6. Kerbs: Three months 274.4, 4.6, 4.7, 4.8, 4.5, 4.4, 4.1, 4.0. Afternoon: Three months 275, 75.2, 75.3, 75.2, 75.4, 75.5, 76.0, 76.1, 76.2, 76.3, 76.5, 76.4. Kerbs: Three months 276.4, 6.5, 6.8, 77.0, 76.8, 6.9, 6.8.

FREIGHTS

DRY CARGO—Chartering activity on the freight market was extremely quiet following the holidays in the U.K. and U.S.

No new fixtures were reported in the north American grain sector but ore shippers concluded business from Port Cartier to Port Talbot at $3.40 f.i.o. with prompt loading and from Lower Buchanan to Hamburg at $4.45 f.i.o. for June. A cargo of petroleum coke was covered from Port Arthur to Continent at $6.25 for June. In the time charter sector a vessel of nearly 52,000 long dwt was arranged with delivery passing Gibraltar in June or a Brazilian round voyage at $3 per long ton. Among orders circulating the market was one for a 'tween decker of 600,000-700,000 c.f. bale for a voyage from New Orleans to the Gulf in June, while a 'tween decker of 10,000-13,000 long dwt was required with delivery U.K.-Continent end June for six to nine months' trading. Reuter

COCOA

In conditions which were not particularly active, near months advance steadily to new contract highs on short-covering and fresh speculative buying, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
No. 6 Contract			
July	1242.0-245.0	+54.75	1245.0-217.0
September	1152.0-153	+29.0	1156.0-116.0
December	1008.0-009.0	+16.0	1010.0-997.0
March	967.0-68.0	+14.0	970.0-57.0
May	937.0-40.0	−12.0	958.0-29.0
July	915.0-19.	+8.5	919.0
September	896.0-910.0	......	—

Sales: 2,324 (2,877) lots of 10 tonnes.

International Cocoa Agreement prices, U.S. cents per pound—Daily 84.83 (84.93); 15-day indicator average 80.92 (80.76); 22-day average 79.92 (79.46).

COFFEE

Robusta terminal opened steadier after lunch on trade buying but, after, prices moved irregularly in line with the trend in New York. A quiet physical market was also a factor behind the uncertain trend.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
July	1438-1440	+39.5	1446-1425
September	1440-442	+36.5	1447-427
November	1422-423	+34.5	1430-410
January	1410-412	+26.0	1422-404
March	1405-408	+29.0	1412-398
May	1400-405	+32.5	1400-395
July	1398-405	......	—

Sales: 1,673 (2,891) lots of 5 tonnes.

ICO INDICATOR PROCES, U.S. cents per pound—Colombian Mild Arabicas 168.00 (same); Other Mild Arabicas 140.50 (138.60); Unwashed Arabicas Santos Fours 146.00 (148.30); Robustas 122.75 (122.25); Daily average 141.00 (142.25).

ARABICA CONTRACT (in order buyer, seller, business sales—June 145.00-200.00, 160.00; Aug. 150.00-60.00—nil; Oct. 140.00-54.50—nil; Dec. 140.00-50.00—nil; Feb. 135.00-45.00—nil; April 135.00-45.00—nil; June 135.00-45.00—nil. Sales, 2.

RUBBER

STEADIER, opening on the London physical market. Fair demand during the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 210 cents a kilo (buyer, June).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
July	56.25-58.50	55.25-58.50	—
August	58.00-57.00	57.50-57.80	—
Jly-Sept	58.00-57.00	56.75-57.00	—
Oct-Dec	59.81-59.95	59.00-59.20	60.00-59.00
Jan-Mr.	62.55-62.5	61.60-61.70	62.8-61.60
Apr-Jne	64.45-64.50	63.75-63.85	64.5-64.85
Jly-Sept	69.00-66.10	65.20-65.55	66.55-65.20
Oct-Dec	61.70-67.50	66.90-6.60	67.50-66.70
Jan-Mr.	67.00-67.30	66.2-67.25	—

Physical closing prices (buyers) were: Spot 52p (50.5p); July 53.6p (52p); August 54.6p (53p).

SOYABEAN MEAL

Market opened firmer in sympathy with Chicago, moving higher during morning on trade buying and further decline in sterling. In the afternoon a mixed but slightly firmer Chicago moved prices higher closing just below the highs of the day, reports SNW Commodities.

	Yesterd'ys Close	+ or −	Business Done
	£ per tonne		
June	121.00-28.0	+2.0	—
August	126.7-27.0	+1.70	27.10-25.60
October	130.5-30.5	+1.85	30.5-28.60
December	132.5-32.5	+1.95	32.8-31.60
February	133.2-33.8	+2.05	33.40
April	134.4-35.0	+2.35	35.60
June	136.4-38.0	+2.65	35.60

Sales: 275 (214) lots of 100 tonnes.

GRAINS

THE BALTIC—Currency considerations generally held imported grains steady but demand was very slow following the holiday. Reuter.

Wheat—U.S. Dark Northern Spring No. 2 14 per cent. July £100 direct Tilbury, June £109.85, July £108.55, August £105.10, Sept. £106.10, Oct. £107.40, Nov. £109.35, Dec. £110.70. U.S. Hard Winter No. 2: June £95.20, July £95.60, August £97.20 transhipment East Coast.

EEC Feed—June £75.50 East Coast.

Maize—No. 3 Yellow American/French June £74, July £74.30 transhipment East Coast.

Barley—EEC Feed June £74.75, July £71.25 West Coast.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, steady. Close: Sept. 71.20, Nov. 74.00, Jan. 76.40, March 78.70, May 80.50. Business: Sept. 71.40-71.10, Nov. 74.10-73.85, Jan. 76.45-76.20, March 78.70-78.50, May 80.80-80.65. Sales 145. Barley, steady. Close: Sept. 70.35, Nov. 73.20, Jan. 75.50, March 77.40, May 79.50. Business: Sept. 70.55-70.45, Nov. 73.15-72.90, Jan. 75.40-75.20, March 77.70-77.50, May 79.65-79.55. Sales: 60.

SUGAR

A wave of selling at the opening found little support and £4.50s was quickly lost from the pre-holiday levels as sell stops were touched. A minor recovery followed but values then settled into a narrow range for the rest of the session. After holding steady, values edged higher in mid-afternoon, but the market found no follow through and closed on a quiet note, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug.	191.50-91.75	192.05-92.25	192.00-89.00
Oct.	193.40-93.45	195.25-95.55	194.60-91.60
Dec.	194.40-94.5	197.10-97.1	196.50-92.75
March	195.90-95.25	198.55-97.00	195.50-93.50
May	196.2-96.25	196.5-97.0	196.00-94.0
Aug.	196.15-96.25	196.8-97.00	196.00-94.25
Oct.	196.25-96.25	196.60-97.00	196.25-95.45

Sales: 2,525 (1,360) lots of 50 tonnes.

LONDON DAILY PRICE (raw sugar) £166 (£159) a ton c.i.f. for June-July shipment. White sugar daily price was fixed at £197 (same).

Tate and Lyle ex-refinery price for granulated basis white sugar was £214.20 (same) a long ton for home trade and £246 (£249) a long ton for export.

WOOL FUTURES

LONDON, market unchanged to shade softer, reports Bache.

(Pence per kilo)

Australian Greasy Wool	Yesterd'y's close	+ or −	Business Done
May	—	......	
July	212.0-16.0	+0.5	—
October	224.0-27.0	−1.5	—
December	244.0-46.0	−2.75	237.0-34.0
March	244.0-45.0	−3.25	245.0-44.0
May	246.0-50.0	−4.0	249.0

Sales 15 (52) lots of 1,500 kilos.

SYDNEY GREASY (in order, buyer seller, business)—July 275.0-275.1, 278.0-275.0. Oct. 286.5-287.0, 290.0-286.3; Dec. 294.0-294.2, 298.5-297.0; March 303.0-303.5, 306.0-303.5; May 307.5-306.5, 312.2-307.9. Sales: 302.

JUTE

DUNDEE—Very quiet. Prices c. and f. U.K. for June-July shipment. BWF £212, BWD £202. Tossa: BTB £223, BTC £213, BTD £205. Calcutta goods dearer. Quotations c. and f. U.K. for June shipment: 10-oz. 40-inch £7.81, 7½-oz £6.03 per 100 yards. July £7.83 and £6.11, Aug.-Sept. £6.03 and £6.15. "B" twills: £22.16, £22.45 and £22.75 for the respective shipment period. Yarn and cloth quiet but prices firm.

LONDON—Steady. Bangladesh White C grade May-June, June-July £217.00. D grade May-June, June-July £208.00 a long tone.

Calcutta—Steady. Indian spot Rs495.00. Dundee Daisee spot Rs475 a bale of 400 lbs.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 40.0 to 43.0; English hindquarters 52.0 to 54.0, forequarters 30.0 to 31.0; Ulster hindquarters 51.0 to 53.0, forequarters 29.0 to 31.0; Eire hindquarters 52.0 to 54.0, forequarters 30.0 to 31.0.

Veal: English fats 44.0 to 52.0, bobbies 25.0 to 28.0; Scottish bobbies 24.0 to 27.0; Dutch hinds and ends 84.0 to 87.0.

Lamb: English small 44.0 to 50.0, medium 42.0 to 47.0, heavy 42.0 to 44.0. Imported frozen: NZ PL 39.0 to 39.5, PM 36.0 to 37.0, PH 33.0 to 34.0.

Ewes: 15.0 to 22.0.

Pork: English, under 100 lbs 30.0 to 35.0, 100-120 lbs 30.0 to 37.0, 120-160 lbs 30.5 to 35.0, 160-180 lbs 29.5 to 31.0, 180 lbs and over 28.0 to 31.0.

MEAT COMMISSION—Average fatstock prices at representative markets on June 1: GB Cattle £25.40 per live cwt. (+1.12); U.K. Sheep 1.5p per pound est. d.c.w. (−0.1); GB Pigs £4.63 per sc.l.w. (−0.07). England and Wales—Cattle numbers up 17.6 per cent., average price £25.20 (+0.94); Sheep up 46.5 per cent., average 1.7p (−0.3); Pigs up 14.5 per cent., average £4.61 (+0.07). Scotland—Cattle down 8.5 per cent., average £28.75 (−1.71); Sheep up 3.8 per cent., average 37.6p (−1.0); Pigs up 4.7 per cent., average £4.97 (+0.03).

COVENT GARDEN (prices in sterling) Imported produce: Oranges—South African: Navels Proteas 56/150 3.05-3.20; Jaffa: Valencia Lates 2.40-4.00; Egyptian: Valencia Lates 2.90-3.00; Cypriot: Valencia Lates 3.50-3.90; Californian: Navels 72/113 3.70-4.00, Valencia Lates 3.60-4.20; Spanish: Valencia Lates 2.80-3.00. Lemons—Italian: 2.50-3.00; Spanish Cases 2.60-3.00, cartons 1.20-1.30; South African: 3.20-3.60. Grapefruit—Jaffa: 2.20-2.60; South African: 2.50-2.70. Apples—New Zealand: Cox's Orange Pippin 3.40-3.70, Jonathans 3.50-3.60; Sturmer Pippin 4.40-4.60, Red Delicious 4.20, Golden Delicious 3.30-3.50; South African: Per 40 lbs Granny Smith 5.10-5.50, Starking 5.20-5.50, Winter Pearmain 4.00-4.20, Golden Delicious 3.50-4.30; French: Golden Delicious 20 lbs 72/84 1.50-1.80, 25 lbs 1.50-1.90, 12 lbs 1.00-2.10, 20 lbs Starking Delicious 1.70, Stark Crimson 1.70; Italian: Per pound Jonathan/Golden Delicious/Rome Beauty/Starking Delicious 0.07½; Western Australian: Granny Smith 140 5.50; Tasmanian: Jonathans 4.20, Cox's Orange Pippin 5.50-5.70, Sparton 4.00. Pears—South African: Trays Comice 9 lbs approx. 1.50, cartons Packham's Triumph 5.10-5.30, Winter Nelis 3.40-3.50; Italian: Passacrassane, per pound 0.05. Peaches—Spanish: Trays, White Flesh D 1.20, C 1.50, Yellow Flesh D 1.50, C 2.00. Apricots—Spanish, 2.00-2.50. Cherries—French: Per pound 0.18-0.21. Strawberries—Italian: Per punnet 0.18. Grapes—South African: Barlinka 4.20, Almeria 4.80-5.00. Avocados—South African: 3.60. Pineapples—South African: 12/15 2.60-3.70; Kenyan: Each 0.60-0.90. Capsicums—Dutch: 11 lbs 4.60-4.80. Asparagus—Hungarian: Per pound 0.20-0.25. Tomatoes—6 kilos Dutch: 2.40-2.70; Guernsey: 2.20-2.60; Jersey: 12 lbs 2.30-2.60. Onions—Per 25 kilos Canary: 5.50-6.00; Egyptian: 4.70; Chilean: 4.90-5.00; Texas, 50 lbs 5.10; New Zealand 50 lbs 5.60-6.00. New potatoes—Canary: 6.40; Valencia: 6.00; Majorca: 6.60; Egyptian: 6.50; Cypriot: 7.20; St. Malo: 6.70; Jersey: Per pound 0.13. Carrots—Cypriot: 2.30; Spanish: 10 kilos 1.30; French: New crop 26 lbs 2.00; Italian: New crop 26 lbs 2.10. Beetroot—Cypriot: 28 lbs 2.40.

English produce: Potatoes—Per pound new 0.12, per 56 lbs old, Whites 4.50-5.00, Edwards 4.50-5.00. Rhubarb—Per pound outdoor 0.05. Cauliflowers—Per 12 Lincs 1.50, Kent 2.20-2.30. Cucumbers—Per box 1.40-1.60. Mushrooms—Per pound 0.25. Tomatoes—Per box 12 lbs 2.20-2.70. Celery—Per 12/30 2.90-3.00. Asparagus—Per pound 0.40-0.60. Broad beans—Per pound 0.10-0.12. Lettuce—Per 12, 0.50, cos 0.70-0.90. Apples—Per pound Bramley's Seedling 0.11-0.13. Peas—Per pound 0.15. Strawberries—Per

★

COPRA, Philippines—July and August $220 reseller per tonne, c.i.f. North European Ports.

★

GRIMSBY FISH—Supply good, demand good. Prices at ships side (unprocessed) per stone: Shelf cod £2.20-£3.00, codlings £1.50-£2.50; large haddock £2.00-£2.75, medium haddock £1.80-£2.30, small haddock £1.50-£2.20; large/medium plaice £2.00-£3.20, best small £2.20-£3.10; skinned dogfish (large) £5.00; lemon soles £4.30-£5.20; rock fish £1.10-£2.00; reds £1.00-£1.40; Saithe £1.00-£1.25.

YUGOSLAVIA PLANS MAGNESIUM PLANT

PARIS, June 1.

THE YUGOSLAV company Magnohrom epects to build a magnesium plant with an annual capacity of 5,000 tonnes at Bela Stena, in the Serbian Republic, a Pechiney Ugine Kuhlam group spokesman has said.

Reuter

PRICE CHANGES

Prices per ton unless otherwise stated.

	June 1 1976	+ or −	Month ago
Metals			
Aluminium	£456	......	£456
Free Market (cif)	$475-490	......	460-470
Copper			
Cash Wire Bars	£864.25	+6.5	£835.5
3 months do. do.	£895	+7	£862.5
Cash Cathode	£853.75	−5.25	830
3 months do. do.	£884.25	+6.75	856
Gold Troy oz.	$127.625	−1.75	$128.25
Lead Cash	£272.5	−0.625	£261.5
3 months	£282.75	−0.75	£271.5
Nickel	£2,776	+223	£2,552.5
Free Market (cif) lb	[illegible]	......	$2.08-.22
Platinum troy oz.	£88-94	......	£96.91
Free Market	£91.8	+1.75	£86.3
Quicksilver (76lb)	$82-87	......	$80-85
Silver Troy oz.	266.4p	+4.0	246.1p
3 months	274.6p	+4.25	246.9p
Tin Cash	£4333.5	+14	£3,907.5
3 months	£4477.5	+30	£4,020
Wolfram 22.04lb. cif	[illegible]	......	$55-60
Zinc Cash	£433.5	−1.5	£457.5
3 months	£450.125	+0.125	£452.5
Producers	$[illegible]	......	$795
Oils			
Coconut Malayan		......	
Groundnut			
	£371	......	£394
Linseed Crude		......	£395
Palm Malayan	£362	......	£192
Soyabean		......	
Seeds			
Copra Philipp	$220	......	$216
Gr'nuts Nigerian		......	
Linseed Can No. 1	£183½	+2.5	£141
Grains			
Barley EEC	£74.75	+2.5	£72.75
Home Futures	£70.55	+0.9	£72.4
Maize			
French No. 3 Am.	£74	+0.05	£74.5
S.A. Yellow		......	
Wheat			
No. 1 Red Spring		......	
No.2 Hard Winter	£	......	£88.5
Australian			
English Milling	£77	......	£76.5
Cocoa Shipment	£1316.5	+55.5	£1,042
Future Sept	£1152.5	+19	£1,046.5
Coffee Future			
Future Sept	£1441	+36.5	£1,205
Cotton 'A' Index	71.9c	−0.5	68.3
Jute LJABWC	£217	......	£216
Rubber kilo	52p	+1.5	44p
Sisal EA SL		......	$600
Sugar Raw	£186	−3	£163
Wooltops 64s kilo	254p	......	252p
Cloves Madagascar	$3,400	......	$3,000
Pepper White	$1,075	......	$1,090
Black	$685	......	$685

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." h Jan.-March. r Sept. u Metric tons.

FINANCIAL TIMES

May 28	May 27	Month ago	Year ago
222.84	222.48	208.88	152.85

(Base: July 1, 1952=100)

REUTER'S

June 1	May 28	Month ago	Year ago
1472.3	1469.8	1419.7	1060.9

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	May 28	May 27	Month ago	Year ago
Spot	341.97	342.15	328.52	269.61
Futures	330.05	329.48	316.72	248.36

(Average 1924-25-26=100)

MOODY'S

Moody's	May 28	May 27	Month ago	Year ago
Sple Commdty	832.0	832.5	805.7	715.7

(December 31, 1931=100)

COTTON, Liverpool—Spot and shipment sales amounted to 224 tonnes. A steady take-up of deliveries resulted in some replenishment buying. Most growths were in request, including East African and Middle Eastern qualities, F. W. Tattersall reports.

Malaysia predicts rise in palm oil output

NAIROBI, June 1.

MALAYSIA EXPECTS palm oil production to increase from the current level of 1.2m. tonnes to around 2m. tonnes by 1980, Malaysian Ambassador to the EEC and Belgium, Mr. Peter Lai, said here.

He told Reuters the increase would reflect maturing of trees planted over the past few years but this rate of increase would slow down as new plantings slackened.

Mr. Lai, who was in Kenya for the Unctad conference, said good progress is being made towards setting-up buffer stocks and rationalising production by the Association of Natural Rubber Producing Countries (ANRPC). Such a buffer stock should be able to absorb 10 per cent. of annual production.

If heavy purchases have to be made in one year it is likely production would be cut back in the same way the International Tin Council introduces export controls when prices need to be supported. It was always the intention for the ANRPC to develop into a full producer-consumer agreement he added.

Argentina lifts animal fat export ban

BUENOS AIRES, June 1.

THE Argentine Ministry of Economy has authorised exports for a one-year period from May 13 of products elaborated with animal fats and tallows.

Export of these products had been banned since August 1974.

The resolution authorised exports of oleostearine, stearine, fatty acids, olein, stearic acid and other by-products.

Reuter

Sri Lanka Hit by tea Packaging shortage

COLOMBO, June 1.

AN ACUTE shortage of tea chests and aluminium foil lining has resulted in large quantities of tea piling up on floors of factories or being packed in jute gunny bags, reports AP-Dow Jones.

Planters complain that tea stocks are absorbing moisture and losing quality. They refute claims of the state-owned Plywood Corporation that there is no shortage of tea chest panels.

One planter, in a letter to the Press, said: "In my own estate, 83,000 pounds of tea are lying on the floor as there are no chests." On another estate, he added, there were 200,000 pounds of graded tea piled up ceiling high because of lack of packaging.

COMPANY NOTICES

STOCK EXCHANGE REPORT

Markets stay dull as sterling's plight continues

Index 7.4 off at 373.0, after 370.8—Golds improve

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 17	May 27	May 28	Jun. 9
Jun. 1	Jun. 10	Jun. 11	Jun. 22
Jun. 14	Jun. 24	Jun. 25	July 6

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

As the pound continued to slide on foreign exchange markets yesterday, so investors became even less enthusiastic about stock market prospects. The further decline in both areas reflected comment about the possible rejection of the Government's pay policy by the miners in to-day's ballot and the prospect of political conflict if, as continuing reports suggest, further public spending cuts are in the offing.

Thus, the first day of the new Account was not a happy one. As portrayed by the F.T. 30-share index, the recent sharp fall in equity values was extended by 9.6 at 1 p.m., but the closing of short positions helped a mild rally in the afternoon and the day's fall was reduced to 6.9 at 3 p.m. before a fresh easing after-hours left a closing fall of 7.4 at 373.0. This represents a loss of 47.8 from the May 4 peak for the year of 420.8.

British Funds opened easier, but tended to rally on yield considerations. The shorts, however, closed with losses to ¼, while the mediums and longs returned to overnight levels after having been ¼ off. There were indications late of easier quotations on fears of higher interest rates.

In line with the leaders secondary equities continued to retreat on a broad front. Falls led rises by 3-1 in F.T.-quoted Industrials, while the F.T.-Actuaries All-Share index fell 1.2 per cent. to 155.86, a fresh 1976 low.

Mining shares provided a bright contrast, particularly gold shares on hopes of a favourable outcome to to-day's IMF gold auction. The Gold Mines index put on 10.4 to 183.7 for a four-day gain of 25.8.

Gilts uncertain late

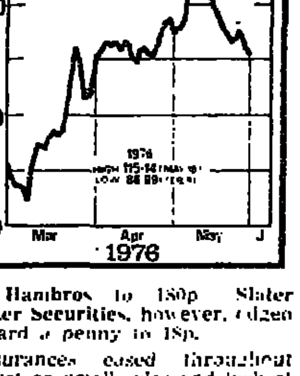
Interest rate fears finally undermined British Funds, which had earlier tended to resist the rise in U.S. Prime rates and the weakness in sterling. Rumours of a pending sharp hike in Minimum Lending Rate began to circulate late and in the ensuing uncertainty all quotations were lowered as stock came on offer. The shorts closed as much as ½ down, while the mediums and longs were being quoted nearly ½ under the 3.30 list levels. Talk also revived after-hours of a possible increase soon in clearing bank special deposits.

Sterling's fresh weakness inhibited sellers of investment currency and a modest demand made quite an impact on the premium which closed 4½ points higher at 121½ per cent. Yesterday's SE conversion factor was 0.6729 (0.6784).

Wilson Walton Engineering saw very little business in first-time dealings yesterday in the wake of the recent offer-for-sale at 47p which resulted in over two-thirds of the offering being left with the underwriters; the 10p shares opened with a discount of 5 at 42p and closed at 41p.

HK. and Shanghai up

Following a reasonable early business, the big four Banks generally closed at the day's lowest levels in sympathy with the dull market trend. Midland picked up from 255p to finish 7 lower at 258p, while Barclays, 278p, Lloyds, 210p, and National Westminster, 218p, ended at the bottom with similar falls. Overseas issues had a contrasting feature in Hongkong and Shanghai which responded to a combination of domestic and dollar premium influences by rising 17 to 317p. Discounts were generally a shade easier for choice and had Gerrard and National 10 off at 255p. Merchant Banks failed to shake off recent dullness. Guinness Peat lost 8 to 183p as



did Hambros to 180p. Slater Walker Securities, however, edged forward a penny to 18p.

Insurances eased throughout the list on small sales and lack of support. Among Composites, Sun Alliance shed 10 to 385p and "Royals" gave up 6 to 284p, while Guardian Royal Exchange receded 4 to 185p. Casualties among brokers took in Sedgwick Forbes, 5 off at 257p, and Alexander Howden 4 lower at 152p. Pearl lost 6 to 182p in Life issues.

Breweries and kindred trades were quiet and a shade easier for choice.

Buildings moved lower under the lead of A.P. Cement and Taylor Woodrow which both closed 6 cheaper at 162p and 260p respectively. W. W. Hall, at 32p, gave up 2 of Friday's bid-inspired rise of 17. Marchwiel declined 4 to 88p. Timbers were also in reverse, Parker falling 5 to 85p, Phoenix 7 to 68p and Montague L. Meyer 3 to 59p.

Adverse Press comment on yield considerations directed a fair amount of interest in ICI, the new nil-paid shares finished 5 down at 30p premium, after 28p premium, and the old closed 7 off at 351p. Alida Packaging shaded 3 to 70p in front of to-day's preliminary results, while Lankro, 146p, and Fisons, 362p, gave up 4 and 8 respectively.

Philips' Lamp higher

Against the general dullness of leading Electricals, Philips' Lamp moved ahead 44 more to 970p in reflection of Continental advices and the fresh rise in the investment premium. Plessey managed to retrieve an initial loss of 2 to close unaltered at 71p, but EMI closed 5 down at 225p, while declines of 3 were recorded in GEC, 172p, after 150p, and BICC, 114p. News of a £10.5m. Libyan contract had little apparent effect on Reyrolle Parsons, 2 easier at 111p. Elsewhere, Normand Electrical, on the second-half profits setback, dipped 3 to 35p, while Electrocomponents receded 7 to 103p. Reactions of 4 were recorded in Chloride, 95p, Dorman Smith, 122p, and United Scientific, 114p xd, while Brocks Group softened 3 to 36½p. Cohen Bros. were quoted ex the 100 per cent. scrip issue at 36p.

Small falls littered Stores, but Marks and Spencer were finally unchanged at 91p, after 89p. Among secondary issues, Martin the Newsagent were notable for a fall of 6 to 134p on the interim figures. Henderson - Kenton reacted 5 to 40p, while Allied Retailers, 95p, and W. H. Smith "A," 330p, both closed 4 easier. Jewellery concerns remained sensitive, Ratners easing 3 to 48p and H. Samuel "A," 5½ further to 116p xd. Booth International were called 3 cheaper at 39p ex the "rights" issue in Shoes, while the new nil-paid shares opened at 5p premium and closed at 4p premium following a light trade.

Hawker shed 4 more to 436p, after 434p, but other leading Engineerings regained early losses to close unaltered. Secondary issues were not so resilient and Stone-Platt lost 4 to 90p. Howard Machinery were similarly cheaper at 46p and Wolseley-Hughes 5 down at 120p. Fairey came on offer and slipped to 64p before ending a net 2½ easier at 66½p, while James H. Dennis gave up 4 at 45p. Sporadic selling in a thin market lowered Weyburn 6 to 264p, but the confident nature of the chairman's annual review lifted Greenbank Industrial 1 to 46p. Francis Industries, at 26p, recouped a small early loss following news of the record first-quarter profits. Shipbuildings quietened but often lost fresh ground. Robb Caledon gave up 3 more to 37p and Hawthorn Leslie were a like amount down at 49p.

Northern Foods featured Foods with a fall of 5 to 76p despite the announcement of nearly doubled interim profits. Associated Fisheries shed 3 at 22p on the latest cod war developments, while Tate and Lyle, 257p, and United Biscuit, 119p, lost 6 apiece. J. B. Eastwood were 3 easier at 49p as were Cavenham, at 115p. Bejam were called a penny easier at 66p ex the "rights" issue with the new nil-paid shares opening at 9p premium and closing at 8p premium (after 7p premium), while Clifford's Dairies ended 2 harder at 41p ex the scrip issue. Supermarkets gave ground, Hillards losing 5 to 85p and Kwik Save Discount finishing 4 cheaper at 112p. Hotels and Caterers had Trust Houses Forte 3½ easier at 83½p and Ladbroke's 4 off at 93p.

Barlow Rand good

Fresh selling in the absence of support left the miscellaneous Industrial leaders closing with falls to 10, as in Glaxo, 375p, Bowater, 193p, and Beecham, 357p xd, receded 8 apiece, while Reed International lost 6 to 252p xd and Boots 5 to 117p. The South African Barlow Rand, however, were in good form, rising 11 to 198p on Cape buying. Hong Kong issues also brightened on home advices, with Jardine Matheson adding 13 at 345p. Elsewhere, James Dawson, on the sharp profits setback, lost 5 to 48p, while S. Leboff (Fobel) followed the preliminary statement with a reaction of 4 at 33p and Marshall's Universal the chairman's statement with a reaction of 6 at 122p. Johnson Matthey receded 10 more to 360p ahead on next Tuesday's results. Portals also lost 10, to 133p xd, but Amalgamated Industrials added 2 at 13½p.

Among Motors and Distributors, Dowty eased 4 to 145p, while Lucas, 197p, and Jonas Woodhead, 87p, lost 3 apiece. Garages closed with widespread small falls.

DRG again suffered more than most in Paper/Printings, losing 4 further to 106p, while Bunzl Pulp came back 3 to 94p. McCorquodale weakened late on the extremely disappointing first-half results and were finally been called 190p, down 20. Elsewhere, Waddington slipped 3 to 100p and Dolan Packaging 4 to 60p. Newspapers fared similarly with Pearson Longman 3 lower at 104p.

Properties dull

After last Friday's firmer close, leading Properties returned to a downward tack in idle trading. Land Securities, preliminary results due June 16, lost 5 to a 1976 low of 148p, while MEPC, with half-time results expected next Tuesday, slipped back 2 to 62p. Slough Estates, 75p, were also 2 easier, while British Land shed a penny to 24½p. Elsewhere, Artagen Properties hardened a penny to 85p in response to the company's detailed defence statement to the rejected Sun Life increased cash offer of 84p. Barratt Developments, fortified by favourable Press comment, also resisted the downtrend and hardened 2 to 88p, while Hong Kong Land, on domestic advices, added 6 at 123p.

A further modest improvement in the Oil leaders left Shell 3 dearer at 448p and British Petroleum 2 better at 655p, the latter ahead of to-morrow's first-quarter results. Investment currency influences raised Royal Dutch a point to £41½ and Ranger, which also benefited from the North Sea Ninian Field financing deal, ½ to £15½. Siebens (U.K.), on the other hand, gave up 20 to 120p.

Overseas Traders remained in easier mood, although Great Northern, aided by the firmer investment premium, gained 1½ points at £67. Paterson Zochonis, 180p, and "A," 175p, receded 5 apiece.

Losses of about 7p were commonplace in Trusts and Financials. Caledonia Investments shed that much to 149p and Lampa Securities were similarly cheaper at 93p. By way of contrast, stockjobbers Akroyd and Smithers improved 6 to 195p xd.

Small offerings in a market lacking support left British and Commonwealth 7 down at 189p and Reardon Smith 8 lower at 210p in dull Shippings, but P & O Deferred ended only a penny off at 103p, after 101p.

Down 9 last week on the disappointing results, Courtaulds continued easier in Textiles and touched 129p before closing 3 down at 131p xd. John Crowther eased a penny to 26p on the £0.3m. trading loss, while small selling and no support left A. Beckman 3 off at 39p and Sidlaw Industries 2 lower at 74p.

Small sellers were also in control among Tobaccos and Bats lost 5 to 360p following last week's decline of 26. Companions in the proposed merger, Tobacco Securities Trust were also dull at 282p, down 8, with the Deferred shares ¼ off at £11½.

Anglo-Transvaal reacted 8 to 112p in South African Industrials where losses of 20 were sustained by Greatermans "A," 250p, and O.K. Bazaars "A," 480p.

Plantations drifted lower on lack of interest. Guthrie shed 3 to 182p as did Assam Dooars, 109p, Jokai, 123p, and Clairmace; 38p.

Golds cheerful

Hopes of a favourable outcome to to-day's International Monetary Fund gold auction were reflected in the rises in shares of the metal's South African producers. They moved ahead from the outset in the wake of the higher bullion price, which was finally $1.25 better at $127.625 per ounce.

Buying orders emanating from the Continent and the U.S. pushed prices ahead in early dealings, with sentiment also being helped by the firmness of the investment dollar premium. Modest Cape sales had little effect on the market in which a shortage of stock was reported and further U.S. buying in later dealings left them at the day's highest. The Gold Mines index rose 10.4 to 183.7—its best level since May 12 and a rise of 25.8 over the past four trading days.

In the heavyweight issues, rises ranged to £1½ in President Brand (£14½) and Western Holdings (£19) while gains of around a point were registered by Vaal Reefs (£16¾) and St. Helena (£16½).

Overseas-based Financials mirrored Golds. "Amgold" put on ½ to £24, while Anglo American advanced 14 to 310p. The London-based stocks however, tended to drift in line with U.K. Industrials although a notable exception was Gold Fields, which rose 4 to 1[illegible].

Coppers improved, reflecting strength of the metal price. Platinums, Bishopsgate were better at 108p. Terms of Rustenburg Platinum Mines holding companies' merger are expected before the end of the week and it is hoped to restore their Stock Exchange quotation on Monday. Tins were neglected.

Australians generally improved in line with the firmer premium. Elsewhere, Tara gained 1 to a year's high of £14½ on further consideration of the Navan mine ahead.

FINANCIAL TIMES STOCK INDICES

—	June 1	May 28	May 27	May 26	May 25	May 24	A year ago
Government Secs.	61.38	61.32	61.29	61.96	62.52	62.30	57.98
Fixed Interest	61.37	61.64	61.73	63.27	62.66	62.54	57.99
Industrial Ordinary	373.0	380.4	381.2	390.5	399.0	397.4	358.1
Gold Mines	183.7	173.3	177.6	164.4	157.9	161.6	410.0
Ord. Div. Yield	5.77	5.66	5.65	5.53	5.42	5.50	5.82
Earnings Y'ld % (full)	16.38	16.09	16.23	15.89	15.58	15.81	17.34
P/E Ratio (net) (a) (b)	9.04	9.21	9.08	9.27	9.47	9.35	8.17
Dealings marked	6,818	6,938	7,317	6,963	6,372	6,838	6,298
Equity turnover £m.	—	56.24	65.24	50.25	41.92	48.48	70.39
Equity bargains total	—	17,520	17,914	17,214	17,275	16,387	19,846

10 a.m. 375.5. 11 a.m. 373.2. Noon 370.8. 1 p.m. 370.5. 2 p.m. 371.5. 3 p.m. 371.5

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.97.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	373.0 (1/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 1	May 28
Daily—		
Gilt-Edged	173.6	185.4
Industrials	247.2	249.9
Speculative	75.0	62.5
Totals	155.2	157.9
5-day Av'rge.		
Gilt-Edged	188.4	189.8
Industrials	248.4	247.6
Speculative	63.5	60.2
Totals	156.6	156.7

FARM LOAN RATES CUT

THE Agricultural Mortgage Corporation has announced that the rate of interest for existing variable rate loans has been reduced from 14 per cent. to [illegible] per cent. with effect from June 1, 1976. The rate for these loans will be reviewed again on December 1.

The lending rate of interest for new variable rate loans completed on and after June 1 will also be 13 per cent., but for fixed rate loans remains at [illegible] per cent.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday, June 1, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (gross) (Corp. Tax 52%)	Friday May 28 Index No.	Thurs. May 27 Index No.	Wed. May 26 Index No.	Tuesday May 25 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (179)	141.74	−1.1	16.01	6.24	9.41	9.32	145.30	145.55	149.49	151.83	126.60	160.06	141.74	206.37	50.71
2 Building Materials (30)	127.33	−1.2	13.89	7.17	10.91	10.90	138.93	130.32	134.46	136.56	109.80	150.18	127.33	232.84	44.27
3 Contracting, Construction (23)	196.56	−0.4	19.22	5.43	8.06	8.06	197.26	200.83	206.43	210.81	231.55	260.20	196.56	389.33	71.48
4 Electricals (16)	255.92	−1.4	16.08	4.94	9.19	8.92	259.65	265.27	269.91	275.19	224.44	287.30	250.60	350.04	86.71
5 Engineering (Heavy) (13)	170.36	−0.7	22.14	7.02	7.05	7.05	171.58	174.56	179.69	185.97	151.74	193.18	163.90	202.57	94.43
6 Engineering (General) (63)	132.05	−0.8	16.09	6.65	9.24	9.24	133.14	135.48	138.94	140.72	112.62	149.29	125.48	168.59	45.14
7 Machine and Other Tools (9)	54.12	−0.6	13.98	7.39	12.78	12.74	54.43	55.50	57.49	58.25	43.77	60.62	51.19	136.70	19.96
8 Miscellaneous (25)	127.66	−1.6	14.99	6.63	10.39	10.08	129.76	132.49	135.79	136.93	118.28	141.94	121.53	177.41	49.65
9 CONSUMER GOODS (DURABLE) (53)	121.72	−0.9	16.94	5.45	8.82	8.79	122.86	126.16	130.12	132.05	88.69	141.46	121.72	227.78	38.39
10 Lt. Electronics, Radio TV (15)	133.83	−0.8	14.83	4.06	9.90	9.89	134.91	138.95	142.69	145.04	100.87	160.35	133.83	257.41	42.85
11 Household Goods (13)	168.83	−1.8	18.35	6.83	8.29	8.37	171.99	175.64	179.56	182.53	141.55	187.22	165.38	263.02	63.92
12 Motors and Distributors (25)	74.58	−0.8	19.63	7.03	7.72	7.68	75.17	77.00	80.21	81.15	48.18	85.16	70.05	170.59	19.91
13 CONSUMER GOODS (NON-DURABLE) (168)	145.36	−1.4	14.70	6.33	10.32	10.25	145.35	147.25	151.11	152.97	142.97	162.24	143.36	226.08	61.41
14 Breweries (15)	153.05	−0.7	14.71	7.22	10.20	10.20	154.09	154.25	158.34	159.32	158.01	179.43	150.25	231.87	69.47
15 Wines and Spirits (7)	176.19	−0.1	10.79	5.74	14.18	14.18	176.41	178.18	181.62	182.69	168.73	190.67	173.82	257.40	78.71
16 Entertainment, Catering (14)	164.43	−1.6	14.82	8.02	10.38	10.30	167.13	170.34	176.20	179.65	154.07	211.26	164.43	329.99	54.87
17 Food Manufacturing (22)	162.33	−1.2	15.58	5.34	9.80	9.74	164.39	166.58	170.68	172.66	152.64	179.44	162.33	211.65	59.78
18 Food Retailing (16)	132.49	−1.9	12.57	5.35	11.59	11.59	134.99	137.64	141.19	142.59	145.81	150.05	132.49	235.08	54.25
19 Newspapers, Publishing (16)	161.69	−1.5	12.94	6.40	11.88	11.88	163.78	166.25	168.98	171.28	147.56	184.34	161.69	250.29	55.08
20 Packaging and Paper (12)	97.74	−1.9	17.88	8.03	8.38	7.38	99.65	103.00	105.64	106.52	101.50	112.50	97.74	155.69	43.46
21 Stores (34)	115.71	−1.5	13.43	5.97	11.46	11.45	117.22	118.32	121.37	123.44	130.07	136.24	115.71	204.39	52.63
22 Textiles (23)	149.01	−3.7	10.03	7.67	14.31	12.71	154.80	154.90	163.39	165.84	141.35	183.19	149.01	253.72	62.66
23 Tobaccos (3)	218.59	−0.9	19.95	6.48	7.65	7.65	220.58	226.00	229.21	231.62	190.14	241.89	211.86	339.16	94.34
24 Toys and Games (6)	70.82	−2.2	21.40	7.60	6.50	6.50	72.42	74.32	75.75	76.46	42.32	76.75	59.13	135.72	20.92
OTHER GROUPS (96)															
25 Chemicals (26)	207.34	−1.2	12.00	5.41	11.59	11.58	209.94	210.10	215.68	217.34	191.83	231.38	199.45	231.38	71.20
26 Office Equipment (9)	91.19	−1.5	15.05	5.68	11.14	11.14	92.56	94.75	96.94	97.22	97.39	100.12	85.09	246.06	45.34
27 Shipping (12)	368.38	−1.7	14.90	7.04	9.32	6.49	374.76	379.02	385.56	392.41	382.22	432.64	355.52	517.00	90.60
28 Miscellaneous (49)	155.35	1.0	14.53	7.20	10.26	10.25	154.97	157.71	162.54	164.66	149.82	172.98	153.35	258.83	60.39
29 INDUSTRIAL GROUP (496)	148.28	−1.2	14.68	6.18	10.15	10.06	150.14	152.11	156.01	158.16	139.42	165.38	148.28	220.17	59.01
30 OILS (4)	381.53	+0.5	11.22	4.30	10.31	9.54	379.68	379.00	384.54	390.46	292.00	395.84	331.44	431.66	87.23
31 500 SHARE INDEX	167.27	−0.9	14.09	5.86	10.17	9.97	168.87	170.67	174.75	177.18	152.21	185.00	167.27	227.35	63.49
32 FINANCIAL GROUP (100)	125.00	−2.2	—	6.00	—	—	125.83	127.20	130.82	133.21	142.82	153.46	125.00	241.41	55.88
33 Banks (6)	150.70	−2.7	20.55	5.62	7.49	7.49	154.88	155.95	158.13	162.54	166.50	192.16	150.70	238.32	62.44
34 Discount Houses (10)	152.73	−2.0	—	9.06	—	—	155.77	156.93	161.72	161.68	157.98	186.52	152.73	293.15	81.40
35 Hire Purchase (5)	92.95	−0.7	—	6.97	—	—	93.64	95.74	102.68	103.55	98.35	132.10	92.95	433.72	58.63
36 Insurance (Life) (9)	100.68	−3.2	—	7.09	—	—	104.01	106.14	110.40	112.68	116.20	129.46	100.68	194.46	44.88
37 Insurance (Composite) (7)	95.83	−2.4	—	7.32	—	—	98.17	99.90	102.99	104.20	117.69	119.75	95.83	155.76	43.96
38 Insurance Brokers (9)	248.01	−1.5	9.56	4.46	15.54	15.54	251.91	255.03	258.98	262.16	204.26	276.90	218.26	276.90	65.86
39 Merchant Banks (16)	72.31	−1.5	—	7.73	—	—	73.43	74.57	77.73	78.32	86.19	93.83	72.31	272.57	31.21
40 Property (32)	150.74	−1.5	5.48	3.36	51.13	51.88	152.96	152.17	158.10	161.25	200.65	194.57	150.74	357.40	56.01
41 Miscellaneous (6)	72.52	−0.3	18.03	7.76	8.69	8.69	72.74	75.68	78.09	78.70	72.26	91.98	72.52	303.13	33.29
42 Investment Trusts (50)	149.65	−2.3	3.46	4.99	30.10	30.08	153.15	156.08	160.61	163.00	173.08	184.55	149.65	245.79	71.63
43 ALL-SHARE INDEX (650)	155.86	−1.2	—	5.84	—	—	157.82	159.57	163.54	165.96	150.39	172.64	155.86	228.15	61.92
COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44 Rubbers (9)	491.38	−1.1	12.12	6.94	12.43	12.26	496.77	499.28	505.04	506.98	499.50	523.40	404.67	555.37	84.68
45 Teas (8)	132.87	−1.3	31.71	8.91	4.28	4.14	134.60	135.34	136.39	135.69	95.06	140.44	117.85	140.44	59.72
46 Coppers (3)	252.17	+1.8	42.57	7.40	2.35	2.35	228.03	223.04	217.31	224.28	426.49	301.47	178.95	567.78	94.08
47 Mining Finance (11)	108.35	+1.3	9.64	4.64	11.65	11.54	107.00	106.62	104.49	106.01	139.59	119.77	86.18	175.90	66.31
48 Tins (8)	105.31	0.3	11.51	6.38	12.65	11.99	105.65	106.19	107.22	106.64	114.49	115.14	86.09	125.45	54.83
49 Overseas Traders (13)	228.03	−0.2	14.54	4.53	8.94	8.94	228.52	231.12	237.23	239.28	238.02	254.47	228.03	254.47	97.57

FIXED INTEREST	Tuesday, June 1 Index No.	Yield %	Friday May 28	Thurs. May 27	Wed. May 26	Tuesday May 25	Monday May 24	Friday May 21	Thurs. May 20	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	—	14.10	14.18	14.18	13.97	13.77	13.87	13.86	15.56	14.62	[illegible]	[illegible]	[illegible]	[illegible]
2 20-yr. Govt. Stocks (51)	48.60	13.38	48.62	48.63	49.45	50.09	50.00	50.59	51.22	47.50	53.45	47.56	113.42	48.27
3 20-yr. Red. Deb. & Loans (15)	51.16	14.45	51.85	51.85	52.12	52.28	52.24	52.40	52.57	42.40	46.62	113.42	37.01	[illegible]
4 Investment Trust Prefs. (15)	48.54	14.33	48.05	48.05	48.76	48.76	48.76	49.35	42.66	51.25	46.50	114.41	34.45	[illegible]
5 Coml. and Indl. Prefs. (20)	64.43	14.62	65.38	65.83	66.07	66.20	66.59	66.99	67.15	59.01	71.97	64.79	114.07	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31 12 74	100.00	Food Retailing	29 12 67	114.13
Engineering (Heavy)	31 12 71	153.84	Insurance Brokers	29 12 67	96.67
Engineering (General)	31 12 71	153.94	Mining Finance	29 12 67	100.00
Wines and Spirits	31 12 70	153.62	All Other	10 4 62	100.00
Toys and Games	16 1 70	135.72			
Office Equipment	16 1 70	128.20			
Industrial Group	31 12 70	128.20			
Miscellaneous Financial	31 12 70	128.06			
Food Manufacturing	29 12 67	114.13			

† Flat yield. ‡ Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. § A list of the constituents of the FT-Actuaries Share Indices is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p. By post 20p. A record of the indices, cost £10, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all gross and net-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	15	351	−7	402	328
Shell Transport	25p	11	448	+3	462	378
Bowater	£1	10	193	−8	230	173
Midland Bank	£1	10	258	−7	320	256
Rank Org.	25p	10	157	−3	195	142
Beecham	25p	9	357xd	−8	390	339
GKN	£1	9	310	—	360	266
Reed Intl.	£1	9	252xd	−6	288	252
RTZ	25p	9	212	−4	239	178
Royal Insurance	25p	9	284	−6	352	284
Unilever	25p	9	438	−2	500	428
Distillers	50p	8	144½	−1	158	142
Grand Met.	50p	8	61	−1	88	60½
Hanson Trust	25p	8	132	+1	146	121
Portals "New"	Nil-pd.	8	14*	−10	29*	14*

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (c).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 25	Jun. 8	Aug. 19	Sep. 1
Jun. 9	Jun. 21	Sep. 2	Sep. 14
Jun. 22	July 5	Sep. 16	Sep. 28

"Calls" were dealt in Head Wrightson, Intereuropean Properties, Lonrho, British Land, Slater Walker, Serck, A. P. Cement, Allied Retailers, Turner and Newall, Marchwiel, Cavenham and Warrants, Allied Plant, English Property, Alpine Holdings, Grand Metropolitan, Barratt Developments, Ladbroke, Dunlop, Thorn Electrical "A," Burmah Oil, Sears and Courtaulds. A "put" was done in Slater Walker, while "doubles" were arranged in Lonrho and Cons. Gold Fields.

Industrials		Grand Met.	18	Spillers	4	Shell	27
A.P. Cement	15	G.K.N.	25	Tesco	4	Ultramar	14
[illegible]	5	Hawker Sidd.	35	Thorn "A"	22		
Barclays Bank	22	House of Fraser	3	Tube Invest.	27	Mines	
[illegible]	28	I.C.I.	20	Unilever	38	Anglo Amer.	50
Boots Drug	12	"Imps"	7	Utd. Drapery	8	Charter Cons.	15
Bowaters	16	I.C.L.	14	Vickers	15	Cons. Gold	15
B.A.T.	50	Inveresk	7	Williams Hud'n	4	Cons. Gold	15
[illegible]	5	Legal & General	12	Woolworths	6	De Beers Def.	35
Brown (J.)	5	Ladbroke	11			F. S. Geduld	350
Burton "A"	6	Lloyds Bank	22	Property		Great Boulder	12
Cadbury's	5	"Lots"	4	Brit. Land	3	Hampton Areas	12
Courtaulds	11	"Mams"	7	Cap. Counties	3	Hampton Prop.	4
Debenhams	8	Marks & Spencer	8	E. P.	5	Kloof	100
Distillers	13	Midland Bank	22	Int. Europ.	7	Lonrho	9
Dunlop	7	Nat. West Bank	20	Land Securities	14	[illegible]	55
Eagle Star	11	P & O Dfd.	11	MEPC	7	Poseidon	55
E.M.I.	17	Plessey	7	Peachey	3	Pres. Steyn	200
Gen. Accident	12	R.H.M.	5	Samuel Props.	4	Rio T. Zinc	17
Gen. Electric	13	Rank Org. "A"	18	Town & City	2	Welkom	55
Glaxo	55	Reed Intl.	23			West Areas	40
Grand Met.	7	Rothmans	4	Oils		Western M'ng.	18
G.U.S. "A"	16	Slater Walker	4	Brit. Petroleum	40		
				Burmah Oil	4		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976

NEW HIGHS (10)

FOREIGN BONDS (1)
Japan 4pc 1910 Ass.
AMERICANS (5)
Carborundum Exxon
Colt Ind. Kaiser Aluminum
Continental Illinois
CANADIANS (1)
Bank of Montreal
SHIPPING (1)
Milford Docks
MINES (2)
Randfontein Ests. Tara Exploration

NEW LOWS (369)

BRITISH FUNDS (6)
CANADIANS (1)
BANKS (15)
BEERS (3)
BUILDINGS (33)
CHEMICALS (4)
CINEMAS (1)
DRAPERY & STORES (20)
ELECTRICALS (15)
ENGINEERING (29)
FOODS (18)
HOTELS (5)
INDUSTRIALS (55)
INSURANCE (14)
MOTORS (2)
NEWSPAPERS (3)
PAPER & PRINTING (8)
PROPERTY (12)
SHIPPING (3)
SHOES (1)
TEXTILES (8)
TRUSTS (12)
OILS (1)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	0	18	41
Corpns. Dom. and Foreign Bonds	11	14	39
Industrials	207	668	844
Financial and Prop.	53	294	224
Oils	5	7	25
Plantation	3	12	29
Mines	81	12	53
Recent Issues	5	14	39
Totals	367	1,034	1,294

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit was in good supply in the London money market yesterday and the authorities absorbed a small surplus by selling Treasury bills to the discount houses. Banks carried forward surplus balances from Friday, and Government disbursements exceeded revenue payments to the Exchequer. On the other hand there was a net market take-up of Treasury bills to finance and there was an increase in the note circulation.

Discount houses paid between [illegible] and 10 per cent. for secured call loans.

In the interbank market overnight loans opened at 9½ per cent. and touched 9½-10 per cent. before closing at 5-6 per cent.

Short-term fixed period interest rates were generally slightly easier.

Rates in the table below are nominal in some cases.

June 1 1976	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-10	—	—	—	—	7-10	—	—	—
2 days notice	—	—	10-10¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—

[illegible] Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent. Approximate selling rates for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent. Finance Houses Base Rates (published by the Finance Houses Association) [illegible] per cent. from June 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rate for lending 10½-11 per cent. Treasury Bills: Average tender rate of discount [illegible] per cent.

BASE LENDING RATES

	%
Allied Irish Banks Ltd.	10
American Express Bank	10
Anglo-Portuguese Bank	11
Henry Ansbacher	11
Banco de Bilbao	11
Banco de Jerez	10
Bank of Cyprus	11
Bank of N.S.W.	10
Banque du Rhone S.A.	11
Barclays Bank	10
Barnett, Christie Ltd.	12
Bremar Holdings Ltd.	11
Brit. Bank of Mid. East	10
■ Brown Shipley	11
Canada Permanent AFI	11
Cayzer, Bowater Co. Ltd.	11
Cedar Holdings	11
■ Charterhouse Japhet	11
C. E. Coates	11
Consolidated Credits	11
Co-operative Bank	10½
Corinthian Securities	11
Credit Lyonnais	10
G. R. Dawes	11
Duboff Brothers	11
Duncan Lawrie	10
English Transcont.	11
First London Secs.	11
First Nat. Fin. Corp.	12½
First Nat. Secs. Ltd.	12½
■ Antony Gibbs	11
Goode Durrant Trust	10
Greyhound Guaranty	11
Grindlays Bank	‡10½
■ Guinness Mahon	10½
■ Hambros Bank	11
Hawtin & Partners	13
■ Hill Samuel	§11
C. Hoare & Co.	†10½
Julian S. Hodge	11½
Hongkong & Shanghai	10½
Industrial Bank of Scot.	10½
Keyser Ullmann	11
Knowsley & Co. Ltd.	12½
Lloyds Bank	10½
London & European	11
London Mercantile	11½
Midland Bank	10½
■ Samuel Montagu	10½
■ Morgan Grenfell	10½
National Westminster	11
Northern Comm. Trust	11
Norwich General Trust	11
Portman Guaranty	9½
P. S. Refson & Co.	10½
Rossminster Accept'cs.	11
Schlesinger Limited	11
E. S. Schwab	12
Security Trust Co. Ltd.	12
Shenley Trust	12½
Standard Chartered	10½
Trade Development Bk.	10½
Twentieth Century Bk.	12½
United Bank of Kuwait	10½
Whiteaway Laidlaw	11½
Williams & Glyn's	10½
Yorkshire Bank	10½

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Demand deposits 6½%.
§ Call deposits over £1,000 6½%.

CORAL INDEX
Close 370-375

I.G. INDEX—01-351 3466
SEPT. SILVER 275.40-278.40

INSURANCE BASE RATES

	%
† Atlantic Assurance	10½
Cannon Assurance	11

† Address shown under Insurance and Property Bond table.

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation 1st June, 1976

The Net Asset Value per £1 of Capital Loan Stock is Nil

Securities valued at middle market prices.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. Ltd. (a)(g)

Allied Hambro Group (a) (g)

Anchor Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a) (c)

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Barclays Unicorn Ltd. (a) (g)

Baring Brothers & Co. Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Brandts Ltd.♥

Bridge Talisman Fd. Mgrs.♥ (a)(c)

The British Life Office Ltd.♥ (a)

Brown Shipley & Co. Ltd.♥ (a)(c)

Canada Life Unit Tst. Mngrs. Ltd.♥

Capel (James) Mngt. Ltd.♥

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)

Charterhouse Japhet♥

Confederation Funds Mgt. Ltd.♥ (a)

Cosmopolitan Fund Managers.

Crescent Unit Tst. Mgrs. Ltd. (a) (g)

Discretionary Unit Fund Managers

Equitas Secs. Ltd. (a) (g)

Equity & Law Un. Tr. M.♥ (a)(b)(c)

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.♥

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)♥

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.† (a)

Intel.♥ (a) (g)

Jonian Unit Tst. Mngmt. Ltd.

Key Fund Managers Ltd. (a) (g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.♥

Lawson Securities Ltd. (a)(c)

Legal & General Tyndall Fund♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

London Wall♥ (a)(g)

M & G Group♥ (y) (c) (z)

ManuLife Management Ltd.♥

Mercury Fund Managers Ltd.

Midland Bank Group Unit Tst. Mngrs. Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Mutual Unit Trust Managers♥ (a)(g)

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

New Court Fund Managers Ltd. (a)

Norwich Union Insurance Group

Oceanic Managers (a) (g)

Pearl Trust Managers Ltd. (a) (g) (z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Piccadilly Unit T. Mgrs. Ltd.♥ (a)(b)

Practical Invest. Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

(o)Prudl. Unit Tst. Mngrs.♥ (a)(b)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Remisium Management Ltd.♥

Ridgefield & Lwnds Mgrs. Ltd. (a)

Rowe & Pitman Management Ltd.♥

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group Ltd.

Save & Prosper Securities Ltd.♥

Scotbits Securities Ltd.♥

J. Henry Schroder Wagg & Co. Ltd.♥

Scottish Equitable Fnd. Mgrs. Ltd.♥

Sebag Unit Tst. Managers Ltd.♥ (a)

Security Selection

Slater Walker Tst. Mngmt. (a) (g)

See also Grieveson Management

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥ (a)(g)

Target Tst. Mgrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs. Co.♥

Trident Trusts (a)(g)

Schlesinger Trust Managers Ltd.

Tyndall Managers Ltd.♥

Tyndall Nat. and Comm.♥

TSB Unit Tst. Managers Ltd.♥ (y)

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

[illegible]

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

[illegible]

INSURANCE, PROPERTY, BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.♥

Atlantic Assurance Co. — See under Property Growth Ass.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.♥

For "Brandts Ltd." see "Lloyds Bk. Unit Tst. Mngrs."

Canada Life Assurance Co.

Cannon Assurance Ltd.♥

Capital Life Assurance♥

Charter House Japhet Life Ass. Co. Ltd.♥

The City of Westminster Assur. Soc.♥

The City of W'minster Ass. Co. Ltd.♥

Westminster Managed Fund

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.♥

Credit & Commerce Insurance

Crescent Life Ass. Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Ass.

General Portfolio Life Ins. C. Ltd.♥

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

The Individual Life Ins. Co. Ltd.♥

Investment Annuity Life Assur.♥

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Life & Equity Assurance♥

Life Assur. Co. of Pennsylvania.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance Ltd.♥

M & G Group♥

Magna Assurance Company Ltd.

Merchant Investors Assurance♥

NEL Pensions Ltd.

New Court Property Fund Mngrs. Ltd.

NPI Pensions Management Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Prudential Pensions Limited♦

Reliance Mutual

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scot. Widows' Fnd. & Life Ass. Soc.

Slater Walker Insurance Co. Ltd.

Sun Alliance Fund Mangmt. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Group♥

Vanbrugh Life Assurance♥

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

[illegible]

OFFSHORE AND OVERSEAS FUNDS

Albany Fund Management Co. Ltd. — P.O. Box 1340, Hamilton, Bermuda

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Banque Bruxelles Lambert

Bk. of London & S. America Ltd.

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Bishopsgate Commodity (Ldn. Agts.)

Bridge Management Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Cornhill Ins. (Guernsey) Ltd.

For "Darling Fund" see under "J. Henry Schroder Wagg"

Delta Group

Dreyfus Intercontinental Inv. Fd.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

F.I.R.S.T. Managers Ltd.

First Viking Commodity Trusts

Free World Fund Ltd.

G.T. Management Ltd. Ldn. Agts.

G.T. Management (Asia) Ltd.

Hambro Pacific Fund Mgmnt. Ltd.

Hambros (Guernsey) Limited

Hapsut Management Ltd.

Oliver Heath and Co. (IoM and Gib.)

Henderson BSM Mgmnt. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Overseas Fund S.A.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

For "Jersey Swings Bank" see "TSB Unit Trust Managers"

Kemp-Gee Management Jersey Ltd.

Keyselex Mngt. Jersey Ltd.

King & Shaxson Mgrs. (Jersey) Ltd.

Kleinwort Benson Limited

Lamont Investment Mngt. Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds International Mgmt. S.A.

M & G Group (a)(c)(z)

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Neptune Intnl. Fnd. Mgrs.

Old Court Fund Mngrs. Ltd.

Old Court Commodity Fd. Mgrs. Ltd.

Save & Prosper International

Ebor Management Ltd.

Schlesinger Fnd. Mgrs. (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Singer & Friedlander Ldn. Agents

Slater Walker Ins. Co. (C.I.) Ltd.

Slater Walker Tst. Mgt. (Jersey) Ltd.

Surinvest Copper Trust Mngrs. Ltd.

Surinvest Trust Managers Limited

TSB Unit Trust Managers (C.I.) Ltd.

Target Trust Mgrs. (Cayman) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

For Triumph Int. Fnd. Mgrs. see Neptune Int. Fnd.

Tyndall Group

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd. — 1 Charing Cross, St. Helier, Jsy. CI. 0534 29041

CMF Ltd. May 27	$US9.81	10.07	-0.30	—
CMT Ltd May 27	£9.31	9.55	-1.03	—
Metals Tst. May 20	£12.49	12.80		—
TMT May 13	$1.312	11.49		—
TMT Ltd. May 13	£11.66	11.96		—

World Wide Growth Management♦ — 10a, Boulevard Royal, Luxembourg

World Wide Gth. Fd.	$US18	+0.02	—

[illegible]

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % shown in last column allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey yield. # Suspended. ‡ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99½	92½	Treasury 6½pc 1976‡‡	99	....	6 56	11 22
98¾	95¾	Victory 4pc 1976‡‡	98½	....	4 04	—
101½	99½	Treasury 10½pc 1976‡‡	99⅝xd	....	10.54	11.25
98½	95½	Treasury 6¼pc 1977‡‡	96⅛	....	6 48	11 21
97¼	94½	Electric 3pc 74-77	95	....	3 16	9.73
103½	92½	Treasury 11½pc 77‡‡	99¼	−⅛	11.53	11 60
95½	91⅞	Treasury 3pc 77‡‡	93½xd	−⅛	3.21	7 84
94⅞	92¼	Transport 4pc 72-77	93½xd	−⅛	4 26	8.25
99½	90½	Treasury 9pc 1978‡‡	95⅝	−⅛	9 41	11 74
101½	97¾	Treasury 10½pc 78‡‡	97½	−⅛	10 74	11.71
93⅛	89⅝	Exchequer 5pc 76-78‡‡	91	−⅛	5 49	9 39
103¾	93½	Treasury 11½pc 79‡‡	98½	−⅛	11.67	12 14
85¾	83⅝	Treasury 3pc 79‡‡	85½	−⅛	3 51	8 09
89⅛	73⅞	Electric 4½pc 74-79	86½	−⅛	4.91	9 03
100½	95½	Treasury 10½pc 79‡‡	95½	−⅛	10 95	11 97
38½	35¾	Electric 3½pc 76-79	35½	−⅛	4 10	8 47
96½	91	Treasury 9pc 1980‡‡	92½	−⅛	9.65	11.89
95½	92	Treasury 9½pc 80‡‡	92	−⅛	10 30	12.01
85	82½	Treasury 3½pc 77-80	33⅝xd	−⅛	4 19	8.36
88½	71	Funding 5½pc 78-80‡‡	85⅝xd	−⅛	6 05	9.30
103½	97½	Treasury 11½pc 1981	97½	−⅛	11.87	12 21
86	79½	Treasury 3½pc 1979-81	79½	−⅛	4.41	3.91
95½	91	Treasury 9½pc 1981‡‡	91	−⅛	10.71	12 25
Five to Fifteen Years						
94½	86½	Treasury 8¼pc 80-82‡‡	90	....	9.60	11 77
107½	99½	Treasury 12pc 1983‡‡	100	....	12 31	12 54
81½	73½	Funding 5½pc 82-84‡‡	78	....	7 24	10 10
87½	79½	Treasury 8¼pc 84-86‡‡	84½	....	10 49	11 75
74½	68½	Funding 6½pc 85-87‡‡	69½	....	9.57	11 79
77½	71	Treasury 7¾pc 85-88‡‡	75½	....	10 79	12 37
51¼	45½	Transport 3pc 78-88	47xd	....	6 35	11 00
59¼	53½	Treasury 5pc 86-89	53½	....	9.46	12 25
103½	96	Treasury 13pc 1990‡‡	99⅛	....	13.77	13 90
75½	68¾	Treasury 8¼pc 87-90‡‡	68¾xd	....	11.95	13 14
60	53½	Funding 5¾pc 87-91‡‡	53⅞	....	10.85	12 76
Over Fifteen Years						
100½	87⅛	Treasury 12½pc 92‡‡	96¼	....	13 91	14 05
98½	85¼	Treasury 12½pc 93‡‡	94¼	..	13 97	14 14
97½	91½	Treas. 12½pc 95 'A' ‡‡	93¾	....	13 97	14 14
58	50½	Funding 6pc 1993‡‡	52	....	11.83	13 36
[illegible]						

Undated — [illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium [illegible]

Conversion factor 0.5722 (0.5784)

CANADIANS

1976 High	Low	Stock	£
13⅛	10½	Bk. Montreal $2	[illegible]
35¾	29½	Bk. Nova Scot. $2	[illegible]
41⅞	33¼	Bell Canada 25c	[illegible]
23⅝	12	Bow Valley‖	[illegible]
990p	860p	Brascan‖	[illegible]
29½	19½	Can Imp. Bk. $2	[illegible]
15½	10⅝	Can. Pacific $5	[illegible]
29⅞	26½	Do. 4pc Deb. £100	[illegible]
37⅞	21⅝	Gulf Oil Can.‖	[illegible]
670p	500p	Hawker Sid. Can.‖	[illegible]
31¼	22	Hollinger $5	[illegible]
18	12⅝	Hudson's Bay ‖	[illegible]
34½	26½	Hud. B. Oil G. $2½	[illegible]
22¼	17	Imperial Oil‖	[illegible]
31¼	19½	Inco	[illegible]
820p	660p	Int. Nat. Gas $1	[illegible]
24½	16	Massey Ferg.‖	[illegible]
27⅝	20¼	Pacific Pet. $1	[illegible]
32p	24p	Placer Gas $1	[illegible]
29½	22⅞	Rio Algom	[illegible]
25½	20½	Royal Bk. Can. $2	[illegible]
25¾	20½	Seagram Co. C$1	[illegible]
16⅞	13½	Tor. Dom. Bk. $1	[illegible]
11	830p	Trans. Can. Pipe	[illegible]
790p	680p	White Pass	745p

S.E. List Premium 48⅞% (based on $1.7150 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
710	350	[illegible]	500	−10	[illegible]	1.3	[illegible]
£14	785	[illegible]	£11	[illegible]	Q180c	1.4	[illegible]
198	95	[illegible]	150	−8	—	—	—
760	520	[illegible]	450	+15	[illegible]	1.4	[illegible]
965	640	[illegible]	840	−50	Q75c	1.7	5.3
280	160	[illegible]	215	−20	—	—	
190	112	[illegible]	145	−10	[illegible]	1.0	[illegible]
£16½	£11½	Hartebeest R1	£14¼	[illegible]	Q215c	1.4	[illegible]
695	420	[illegible]	500	−20	Q55c	1.4	[illegible]
760	400	Libanon R1	470	−20	[illegible]	1.9	[illegible]
740	335	[illegible]	570	−30	Q8c	1.3	[illegible]
245	140	[illegible]	210	−15	[illegible]	2.2	7.3
£20½	£10½	[illegible]	£16¼	−1	Q175c	2.1	6.2
420	175	[illegible]	220	−15	[illegible]	1.9	[illegible]
£35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.2	[illegible]
315	265	[illegible]	215	−5	[illegible]	1.4	[illegible]
[illegible]	790	[illegible]	[illegible]	[illegible]	[illegible]	1.6	[illegible]
290	190	[illegible]	240	+5	[illegible]	1.0	[illegible]

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
170	75	[illegible]	115	−5	Q14c	1.6	[illegible]
£22½	£12	[illegible]	£15½	[illegible]	[illegible]	1.3	[illegible]
200	57	[illegible]	175	−5	[illegible]	[illegible]	[illegible]
465	295	[illegible]	410	−20	Q65c	φ	[illegible]
195	70	[illegible]	140	−15	[illegible]	0.5	[illegible]
£18½	950	[illegible]	[illegible]	[illegible]	[illegible]	1.5	[illegible]
£13	700	[illegible]	850	−50	[illegible]	2.2	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	−1	[illegible]	1.2	[illegible]
174	[illegible]	[illegible]	132	+12	—	—	—
330	[illegible]	[illegible]	275	−10	[illegible]	1.7	[illegible]
£25½	£14	[illegible]	£19	[illegible]	[illegible]	1.2	[illegible]

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
85	[illegible]	[illegible]	65	−5	—	—	—
335	[illegible]	[illegible]	275	−3	[illegible]	1.7	[illegible]

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
16	5	[illegible]	9		[illegible]	[illegible]	[illegible]
39½	25	[illegible]	27½	−1½	—	—	
965	580	[illegible]	850	−20	[illegible]	1.8	[illegible]
55	28	[illegible]	44		—	—	
455	245	[illegible]	360	−5	Q25c	0.3	[illegible]
239	178	R.T.Z.	212	−4	5.42	2.1	[illegible]
112	84	[illegible]	86	−2	—	—	
£14⅛	£10	[illegible]	£14½	[illegible]	—	—	—
132	84	[illegible]	132		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim; reduced final and/or reduced earnings indicated.
- Based on 1975 profits.
- Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1975-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. Z Dividend total to date.

"Recent Issues" and "Rights" Page 21

FINANCIAL TIMES
Wednesday June 2 1976

Public spending may prove £400m. higher

BY PETER RIDDELL

PUBLIC SPENDING for 1976-77 authorised between January and the end of April is believed to add another £400m to the £350m.-£450m. overspending by local authorities projected in their current budgets.

Mr. Michael English, the chairman of the general sub-committee of the all-party Expenditure Committee, said yesterday that a complete list of the authorisations against the contingency reserve — to take account of additional calls beyond those estimated in the public expenditure White Paper —had been set out in a letter to the committee last week from the Treasury.

Following criticism in its reports of the way policy changes have in the past pushed public spending far beyond original White Paper targets, the Treasury has undertaken to provide quarterly figures on additional expenditure.

The sub-committee has not yet had an opportunity to consider the letter, and while it may request further information in correspondence, oral evidence is unlikely to be taken since the sub-committee is fully occupied with its investigation of the Civil Service.

The biggest item in the £410m. additions to public spending since the January White Paper is believed to be the measures, announced in February, to reduce unemployment which will cost £132m. Alterations to social security benefits in the budget have added a further £56m., while the British Steel Corporation has been authorised £60m. to finance stock and work-in-progress. Among the other large items is about £30m. for housing in Wales, £13m. under the Port Industry Act and £2m. aid to the film industry.

Although some of these items may count against existing programmes, the bulk are likely to be calls against the contingency reserve, which stands at £575m. at current prices. Moreover, the items covered in the Treasury's letter only go up to the end of April, and since then a modified Child Benefit scheme has been approved, which will cost £95m. in the current year. Further calls are also possible from Rolls-Royce (1971) for aero-engines and for capital spending in the aerospace and shipbuilding industries, whenever they are fully nationalised.

While the official line is to play down any talk of large-scale public spending cuts, it is admitted that the recent rate of authorisation requests will have to be turned down before long if the White Paper projections are to be met.

Last week's circular from the Department of the Environment to local authorities can be seen in this context since the aim is that local targets should be revised downwards to meet official goals before any over-spending occurs — in the hope that any call on the contingency reserve can be avoided.

MP's protest

Richard Evans, Lobby Editor writes: A Labour backbencher, Mr. Ted Leadbitter (Hartlepool), who is in the centre of the party, has written to Mr. James Callaghan, the Prime Minister, warning that he will not support the Government if more cuts in public spending are introduced.

Mr. Leadbitter protested in his letter that Government money was not being used in accordance with socialist principles.

With his criticism he joins Left-wing MPs and the two "rebel" members of the Scottish Labour Party in giving the Government due warning that is can spending curbs are brought forward.

Mr. Leadbitter, who is not a member of either the Tribune or Manifesto groups, points out to Mr. Callaghan that he is not alone in his protests. "There are MPs who feel equally sour."

A Labour backbencher on the right of the party, Mr. John Mackintosh (Berwick and East Lothian) argued on BBC Radio yesterday that if the pound went down further or if Government departments or local Government councils were exceeding their budgets, then public spending reductions might have to be brought forward from next year.

"I regret this, but it is the least unpleasant of the alternatives," he declared.

Christian Tyler reports from Scarborough: Mr. Len Murray, TUC general secretary, said yesterday that foreign bankers should not get the idea that British workers were ready to go on cutting their living standards.

In a reference to Government alarm over the still-declining pound and moves to cut public expenditure he said: "We are being offered the vision of a new and sharper Denis's axe."

He said there was little public money to go round and priorities had to be set, but that the Government was "taking our money and spending it wisely."

"Of course we are opposed to waste. But if foreign financiers think we are prepared to slash living standards of worker sections of the community, it's not on. It's the British people who will decide."

Mr. Murray was addressing the biennial conference in Scarborough of the Union of Construction, Allied Trades and Technicians.

Editorial comment Page 18

Second Syrian column moves into Lebanon

BY RICHARD JOHNS, MIDDLE EAST EDITOR

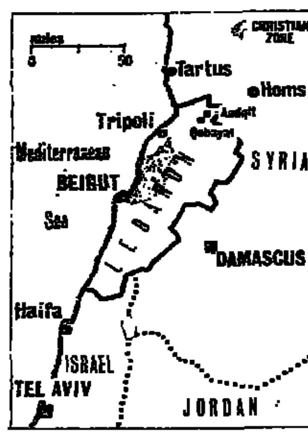
THE ISRAELI Government reacted with concern as a second Syrian armoured column thrust into Lebanon yesterday to relieve the beleaguered Christian city of Zahle.

Reacting to the second Syrian wave of direct military intervention within 24 hours, Mr. Yigal Allon, the Israeli Foreign Minister said "We take the situation very seriously. We are reserving our right and capability to take the necessary measures to protect our interests if and when they are threatened."

Israel has never defined the "red line" beyond which it would react to Syrian intervention in the civil war. It is understood, however, to involve criteria relating to geographical positions, troop strengths, and political factors—in particular, the nature of any change in the Lebanese *status quo*.

It was claimed by Al Fatah, the mainstream guerrilla organisation now bitterly opposed by Syrian intervention that the force which crossed the border before dawn was made up of 4,000 troops and 200 tanks. On Monday a smaller Syrian military column went to the relief of the Christian towns of Kobeyat and Andqi in the extreme north of the country.

The relief of Zahle, 18 miles across the border in the Bekaa valley, is a far more dramatic increase in Syria's involvement. According to the Al Fatah spokesman, one guerilla unit clashed with the Syrian column near Chtaura, but otherwise there was "little resistance" as the invading troops took over positions of the besieged Christian and besieging Left-wing forces.



The intervention took place shortly before the arrival in Damascus of Mr. Alexei Kosygin, the Soviet Premier, who yesterday was holding talks with President Hafez al Assad. Mr. Kosygin's main concern is believed to bring about a rapprochement between Syria and Iraq, but the Lebanon is now bound to figure high on the agenda. Moscow has been less than happy about the way in which Syria has increasingly alienated the Left and the Palestinian guerilla movement in Lebanon.

Earlier yesterday an Iraqi-Soviet joint communique issued after Mr Kosygin's visit to Baghdad expressed concern over the deteriorating situation in the Lebanon and what it called attempts by "imperialism and reaction to fragment the unity of (Lebanese) progressive forces and to strike the Palestinian resistance movement."

Syria's role in Lebanon Page 8

THE LEX COLUMN

Counting the cost of underwriting

It is ironic that the current bout of criticism of the City's profits from new issue underwriting comes at a time when those profits look to be in rather more danger than they have done for some time past. The Lucas issue, which closed last Friday, seems bound to have been a convincing success, but the sub-underwriters of the Tricentrol issue, which also closed on Friday, may get a telephone call to-day; the 36 per cent. discount on the pre-rights price has evaporated since the issue was announced on the day the Index hit its high for the year. Elsewhere Tootal has slipped back to the underwriting price of its £10.7m. rights issue. And the market's fall may even have caused a brief intake of breath for the sponsors of the ICI offer, although there is still a good margin of safety between the shares at 351p and the 330p rights price.

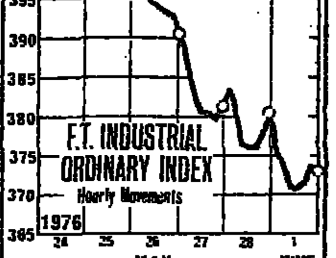
However, there is no denying that sub-underwriting has been a very profitable business for the past 18 months. Sir Malby Crofton has suggested in two letters to the Financial Times that the rewards have been concentrated in too fe whands, and has proposed that a fairer system would be to channel the insurance of new issues through a central fund whose members would consist of all but the very small funds. There are a number of arguments against this idea. Large, important clients of brokers enjoy the best share analysis and the best dealing service, and broking firms deliberately build up their expertise in these areas. Underwriting can be regarded as a service as well, and there is no logical reason why one should be shared out rather than another. Moreover the centralised system might well prove more cumbersom than the present arrangements.

The point to be concerned about is not how to share out the spoils of underwriting, but how to get them into the proper proportion. Hardly any companies in the current wave of rights issues have used deep discounting as a means of avoiding altogether the need to underwrite. The stock explanations are unsatisfactory — usually centreing on the lack of sophistication of the small investor. For the conventional

Index fell 7.4 to 373.0

issues a feature of the past year or two has bee na significant increase in the average discount —from, say, 10 per cent. a few years ago to the 15-25 per cent. range to-day—but there is still recourse to sub-underwriting at an unchanged and apparently inflexible rate of 1¼ per cent. for a 21-day timespan). Given the system, new issue sponsors are bound to err on the cautious side as far as underwriting is concerned—it is significant that there is no recorded case of an issue failing to be sub-underwritten.

Deep discounting is not suitable for all — perhaps most — companies. So some method of underwriting has to be avail-



able if companies wish to be able to raise a substantial percentage of their market capitalisation. The existing system obviously as merits—it is quick, proven and understood. And there is room for flexibility, in a limited sort of way; Lucas showed that if a company has a good story it can get away with a heavy issue on tight terms. In this sense a company may be getting better value out of the fixed-commission system.

But the system only operates in favourable stock market conditions. The costs are not properly sensitive to changes in risk. And the procedure is not geared to sorting out the wheat from the chaff—sub-underwriters who prove too selective may get quietly dropped. Yet, it is not the City which is really to blame for faults in the present set-up. The main pressures for any change ought to be coming from the rights issue candidates themselves. ICI prepared to pay a heavy p for its rights issue; Glaxo, a ago, insisted on finding cheaper way.

Northern Foods

It begins to look as the Northern Dairies can lift pr by close on half this ye from £9.4m. pre-tax to ar £14m.—with Clover Dairies tributing little more than after financing costs. Exclu the acquisition, North second quarter looks to be marginally lower than £2.9m. reported for the ope three months. But a rights i and the Clover acquisition paring growth below the with earnings overall likel emerge at 9p a share on ave capital, against an adjusted in 1974-75.

To date, Northern's li milk operations — say a t of total profits last year — comfortably ahead though group reckons it has gained than the industry from November's revised target gins. Past "efficiency" is explanation here. In manu turing, supplies of milk are much more plentiful allo Northern's creameries to r up to full capacity run against around 80 per cen year ago; and as a result m facturing profits are sha higher with some modest s profits and last year's move of distribution helping to w margins. There has been a recovery in baking which barely breaking-even in early months of 1974-75, the brewery is ahead de a big sales bias towards where trawler unemploymen making for flat demand.

Next year Northern reckon can keep earnings moving wards. It sees stability in ing and baking and fur growth among the dairy op tions with manufacturing ing strong and the liquid gaining from the integratio Clover; plant closures already started and North expects useful savings from elimination of distribution o lap. But all of this is lar anticipated by the shares at yesterday—with a prospec p/e of 8½ and a yield of 5.7 cent. likely to be covered times.

EEC Summit outlook poor as Foreign Ministers fail to agree

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT — BRUSSELS, June 1.

LACK OF progress at the EEC Foreign Ministers' meeting bodes ill for the next "summit" in six weeks' time of EEC heads of government.

Some observer sare questioning whether enough can be done in this time to prevent the "summit" from degenerating into little more than empty ceremonial or—alternatively—into a tense and difficult bargaining session.

The Foreign Ministers left Brussels this afternoon at the end of a council meeting which failed to achieve agreement on a single item of substance.

The Ministers left in abeyance the three major items on which the Community is under heavy pressure to reach a decision before the summer holiday—the shape of the future directly elected European Parliament; the planned negotiations on Greece's entry into the EEC; and the related distribution of about £600m (1.25bn. units of account) of EEC aid to a group of Mediterranean non-member countries.

Mr. Roy Hattersley, Minister of State at the Foreign Office, described to-day's events as "sad." Mr. Hattersley, who was standing in for Mr. Anthony Crosland during the Foreign Secretary's end talks in Oslo, warned that the EEC might now be unable to meet its long-standing engagements to discuss its association agreements with Greece and Turkey later this summer.

Without mentioning it by name, he laid heavy blame on the French Government for effectively thwarting a common decision on new financial arrangements with Greece and Turkey. He warned that continued lack of agreement here could only impede efforts to set a date for the start of negotiations on Greek membership.

Mr. Hattersley also lashed out at the EEC Council of Agriculture Ministers for dragging their feet over the reduction of dairy and beef surpluses and for hesitating over an extension of the New Zealand butter imports scheme. He also assailed Energy Ministers for delay in elaborating a common energy programme based on a minimum safeguard price for oil.

Disappointing

Perhaps the single most disappointing aspect of to-day's proceedings—because it had previously seemed the most promising candidate for an agreement—was the continued stalemate over distribution of Community grants and European investment bank loans to Mediterranean countries.

The Nine actually managed to agree in principle on an increase in the grants portion from an original 450m units of account to 500m. units of account over the next five years. But this fragile consensus then foundered on differences over how the funds should be distributed.

A majority of the Nine favour awarding Turkey a somewhat larger share than Greece, which is in a more advanced state of economic development. But France stood out in favour of more generous treatment for Greece, arguing that its economy needs substantial aid in preparation for full EEC membership.

The disappointing outcome of this week's Council discussion has served to give an even more critical edge to the special private meeting of Foreign Ministers in Luxembourg on June 12, at which a renewed attempt will be made to break the deadlock over the number and distribution of seats in a directly elected European Parliament.

The German Government which is ardently seeking some Community progress in the political arena, is attaching particular significance to the discussions and cautious optimism has also been expressed by British and Irish officials.

But so far there has been no sign of any softening in the position of the French Government, which continues to insist that the seats in the new Parliament be allotted on the basis of strict proportional representation or remain at the present level of 198.

Threat to calculator industry lifted

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

THE THREAT of an early end to the manufacture of electronic calculators in Britain has been removed by a decision of the member Governments within the European Community to suspend tariffs on certain imported components.

The industry, which now consists of only two main companies, CBM and Sinclair, is now planning a substantial increase in production.

The EEC decision comes after months of lobbying of Whitehall by the companies, and after lengthy inter-governmental discussions in Brussels, during which CBM and Sinclair warned that the U.K. industry might have to shift operations overseas.

From July 1, duty on imported electronic displays is to be lifted for a trial period of six months—which the two companies hope will become permanent. At present, the rate is 17.6 per cent.

This is the second time in recent months that EEC action —after strong British prompting has given a fillip to the indigenous calculator industry. Quota limits on imports of complete calculators from the developing countries were actively applied from late last year.

News analysis, Page 13

Continued from Page 1

Cod war settlement

To-day's settlement brings to an end the most bitter cod war so far. It is estimated to have cost the British Government more than £1m. in damage to Royal Navy frigates and nearly £2m. in hiring civilian support vessels and compensation to trawlermen. However, lives were not lost.

Mr Agustsson said the settlement amounted to *de facto* British recognition of Iceland's 200-mile fishing limit. Iceland had won the cod war at the conference table. He stressed that under terms of the agreement British trawlers would have to quit Icelandic waters on December 2 unless agreement had been reached on reciprocal fishing rights.

Such an agreement would be "entirely up to us," and it was impossible to say now whether one could be reached. Iceland might be interested in obtaining the right to fish herring in EEC waters in the North Sea "provided there were herring left."

The Icelandic Foregin Minister said the new agreement would be accepted by a majority of the Icelandic Parliament and by the Icelandic public once it had been explained to them.

One concession made by Icelanders during the two-day negotiations was that the 24 British trawlers a day allowed to fish in Icelandic waters should be averaged over a month. Thus, in a 30-day month, there would be 720 trawler days which the fishing fleet could apportion as it wished.

British concessions include acceptance of the 24-trawler limit and extension of the coastal area closed to British trawlers from 12 to 20 miles and to 30 miles in those areas where the 1973 agreement provided for a 20-mile limit. Britain also undertakes to observe Icelandic conservation measures if they are applied equally to Icelandic vessels.

The Government also has agreed to ask the EEC to apply protocol 6 of its free trade agreement with Iceland allowing Icelandic fish to be imported at reduced tariffs. It will try to ensure that tariffs will be at the level they would have reached had the protocol been applied from 1973.

Mr. Crosland said the total catch by British trawlers during the six-month period would depend on the skill of skippers. Mr. Agustsson said he thought British trawlers would be able to catch about 30,000 tonnes. This compares with the 110,000 tonnes a year for which the British Government asked, in November and the 65,000 tonnes a year offered then by Iceland.

French defence planning moves towards closer links with Nato

BY ROBERT MAUTHNER — PARIS, June 1.

THE RECENT shift in France's defence policy towards closer co-operation with Nato has been taken a significant step forward with a statement by General Guy Mery, the Chief of the General Staff, that France would be prepared to commit its forces to the defence of Western Europe's Eastern frontier if French security was threatened.

General Mery's remarks, published in the latest issue of the National Defence Review, also confirm the break with Gaullist military strategy, based essentially on massive nuclear retaliation in the event of an attack against French territory, and the adoption of a more flexible approach to the country's defence problems.

The evolution in French military thinking has been evident since President Giscard d'Estaing first announced at the end of last year that more emphasis would be placed on the strengthening of conventional forces, a decision reflected in the Government's recent defence White Paper. But it has never been spelled out so clearly and taken as far as by General Mery in his latest statement.

General Mery stressed once again that the position of an independent nuclear deterrent was essential to the security of France, that France would retail full control over any decisions affecting the use of its military forces or armaments and that it had no intention of rejoining Nato's integrated military structure.

At the same time, however, he made plain that the old concept of treating France as an untouchable "sanctuary" was not sufficient by itself to ensure the country's security. It would be extremely dangerous for France to stand aside from a conventional battle in a forward area of the Atlantic alliance, such as the East German border and the Mediterranean.

Conflict

General Mery did not rule out that French forces would take partin a conflict, of this kind, though he emphasised that there was no question of French troops being assigned to such an area as part of NATO's strategy in times of peace.

While making clear that the decision to throw French troops into a battle in Nato's forward area would remain entirely in the French Government's hands, the whole tenor of General Mery's remarks implied the closest possible cooperation between France and the alliance's forces.

The fact that France had withdrawn from Nato's intergrated military command did not prevent it from being a faithful and loyal ally, he said. France maintained liaison missions at different levels of the Nato command and was actively seeking ways of achieving the "inter-operability" of Nato and French forces through joint manoeuvres.

Indeed, the French chief of staff even went as far as to say that he found it difficult to envisage the future defence of Europe as entirely independent of an alliance with the U.S., on the understanding, of course, that any future unified European defence organisation would have a much greater say in the new alliance than its constituent parts have to-day in Nato.

General Mery said that a future European defence organisation should not be built essentially on the French nuclear deterrent and conventional West German forces, as some over-simplified theories on the subject would have it. Echoing President Giscard, General Mery said that conventional French forces had to be powerful enough to provide a counter-weight to the West German army, since no real union could be achieved on the basis of

Continued from Page 1

Harland & Wolff

yesterday about an article in the Guardian newspaper. The company pointed out that total Government aid over the past 10 years stands at £137m. rather than £160m., and that instead of having only two important orders in the pipeline, the order book numbers 10 ships totalling more than 2m. tons.

Denying that the £60m. has been almost entirely spent, Harland said: "This money is being used in accordance with the plan agreed with Government to cover losses on ships in the firm's existing order book."

In the absence of unequivocal confirmation from the Northern Ireland Office that a decision to close the shipyard is imminent, reaction in Belfast to the possibility of closure has been limited.

Richard Evans, Lobby Editor writes: There is no doubting anger felt among Ministers at the decision of the 10 United Ulster Unionist MPs to vote against the controversial Nationalisation Bill in the Commons last Thursday.

They believe that the vote risked depriving shipyards in the rest of the U.K. of the capital injection they need urgently and would acquire only after nationalisation.

Northern Ireland Ministers for political and economic reasons, are anxious to see Harland continue in operation, particularly after the recent spurt in productivity. But they believe they will have great difficulty now in persuading Government colleagues to pump more money into the yard.

Weather

London S. E. England, E. Anglia Midlands Sent S. and Cent. N. England

Dry, sunny periods. Winds variable or W. light. Max. 20C (68F).

Borders, Edinburgh, Dundee Aberdeen E. and N.E. England

Cloudy some rain. Wind W. to N.W moderate. Max. 14 to 16C (59 to 61F).

Channel Is., S.W. England, S. Wales, N.W. England, Lakes, Is. of Man

Dry, partable cloud, sunny intervals. Wind W. to S.W. light Max. 16C (61F).

Cent. Highlands, S.W. Scotland, Glasgow, Moray Firth Argyll, N.W. Scotland and N. Ireland

Cloudy, some rain. Wind mostly S.W. light to *moderate* Max. 14C (57F).

N.E. Scotland, Orkney, Shetland

Cloudy. Mostly dry. Wind variable or S.E. light. Max. 11C (52F).

Outlook: Dry warm, sunny, but some rain later

Lighting-up: London 21.39, Manchester 21.58, Glasgow 22.21, Belfast 22.20.

BUSINESS RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm	C	15	59	Manchstr	C	12	54
Athens	S	26	79	Melbourne	F	17	63
Barcelona	S	22	72	Mexico C.	S	22	71
Belfast	F	15	59	Milan	F	27	81
Belgrade	R	16	61	Montreal	S	11	52
Berlin	C	13	55	Moscow	C	11	52
B'ham	[illegible]	15	59	Munich	C	12	54
Bristol	C	15	59	Newcastle	C	11	52
Brussels	C	15	59	New York	C	26	79
B. Aires	S	16	61	Oslo	S	18	64
Cairo	S	34	93	Paris	C	18	64
Cardiff	F	14	57	Perth	S	15	59
Cologne	R	13	55	Prague	F	17	63
Copnhagn	C	12	54	Reykjavik	S	10	50
Dublin	F	15	59	Rio de J'o	S	25	77
Edinburgh	R	14	57	Rome	F	25	77
Frankfurt	C	15	59	Singapore	C	29	84
Geneva	C	23	73	Stockholm	C	15	59
Glasgow	C	15	59	Sydney	S	22	72
Helsinki	C	10	50	Tehran	S	30	86
Hong Kg.	F	26	79	Tel Aviv	S	27	81
Jo'burg	S	24	75	Tokyo	C	24	75
Lisbon	S	29	84	Toronto	C	14	57
London	C	18	64	Vienna	F	18	64
Luxembrg.	R	15	59	Warsaw	F	13	55
Madrid	S	29	84	Zurich	R	15	59

HOLIDAY RESORTS

Ajaccio	C	22	72	Las Plms.	S	21	70
Algiers	S	28	82	Locarno	F	24	75
Biarritz	C	19	66	Majorca	S	26	79
Blackpool	C	15	59	Malaga	S	25	77
Bordeaux	F	25	77	Malta	S	23	73
Boulogne	F	13	55	Nairobi	S	24	75
Casablnca	S	27	81	Naples	F	24	75
Cape Tn.	R	17	63	Nice	C	21	70
Faro	S	29	84	Oporto	S	21	70
Florence	S	24	75	Salzburg	R	11	52
Funchal	S	21	70	Tangier	S	27	81
Gibraltar	S	27	81	Tenerife	S	18	64
Guernsey	S	14	57	Tunis	S	26	79
Innsbruck	R	17	63	Valencia	S	30	86
Jersey	C	14	57	Venice	C	25	77

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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